

Arens Set to Fight Pressure From U.S.

Israeli Headquarters in Lebanon Hit; Arafat Loyalists Battle PLO Rebels

Compiled by Our Staff From Dispatches
TEL AVIV — The Israeli defense minister, Moshe Arens, said Monday that Israel would not give in to pressure during talks with the United States on the decision to redeploy troops in Lebanon, Israeli radio reported.

In Lebanon, meanwhile, guerrillas hit the headquarters of the Israeli forces in Sidon, demonstrating that Israeli troops will still be vulnerable after they take their new positions.

Unconfirmed reports carried by Beirut radio stations said that a Katyusha rocket was launched at the headquarters of the Israeli military governor in Sidon, 24 miles (38 kilometers) south of Beirut just behind the planned new front line.

"Yes, there is truth to the report," an Israeli spokesman said. "Something was fired... nobody was hurt."

Elsewhere in Lebanon, Syrian-backed rebels within the Palestine Liberation Organization fought against loyalists of Yasser Arafat, the PLO leader. And in Paris, President Amin Gemayel of Lebanon urged a UN referendum in areas of his country occupied by Syria and Israel to determine support for his government.

Mr. Arens said that President Ronald Reagan's request that he and Foreign Minister Yitzhak Shamir go to Washington immediately was not an ultimatum, but the radio quoted official sources as saying it "smacked a bit of hysteria."

Mr. Arens and Mr. Shamir are to leave Tel Aviv for Washington early Tuesday for discussions on the Israeli move, which the Lebanese government fears will result in the permanent partition of Lebanon into Israeli and Syrian sectors.

"I'm certain agreement will be found on matters of principle," Mr. Arens reportedly told the bipartisan Defense and Foreign Affairs Committee of the Israeli parliament. "If there is no agreement, we will not give in to pressure."

"We did not make the decision to redeploy [in Lebanon] with the intention of postponing its implementation," Mr. Shamir said in a television interview.

Mr. Arens said that Israel did not expect pressures from Washington to reverse the decision of the cabinet to pull its forces in Lebanon to consolidated positions in the south of the country.

But government sources quoted by Israeli radio said that Mr. Gemayel was hysterical over the issue and that Mr. Reagan apparently was afraid that the government could fall.

In Paris, Mr. Gemayel called Monday for a UN-sponsored referendum to be held in areas of Lebanon occupied by Syria and Israel to determine support for his government, which has been challenged by a newly formed alliance of opposition leaders. He said that a referendum would show the allegiance of the Lebanese people to the legitimate authority in Beirut.

Mr. Gemayel, who arrived in Paris from Washington, met for an hour with President Francois Mitterrand of France.

The PLO loyalists fought with guerrillas opposed to Mr. Arafat's leadership over the weekend in four villages around Cutaara on the Beirut-Damascus highway, breaking a three-week truce and leaving 12 persons dead and 23 wounded.

Army Called To Stop Riots In Sri Lanka

United Press International

COLOMBO, Sri Lanka — Rioters burned shops and houses Monday in the Sri Lankan capital and the government imposed a curfew with a warning that violators would be shot on sight.

Government reports on the death toll were incomplete, but unofficial reports received outside Sri Lanka said more than 60 people had died in clashes.

Four hours after the curfew was declared, the streets of Colombo were littered with burned-out cars and buses. Army troops brought in to quell the rioting fired tear gas and chanted slogans.

The government said that in addition to the deaths in the capital, "several" civilians died in the city of Jaffna, 240 miles (386 kilometers) north of Colombo, where 13 Sri Lankan soldiers were killed in a guerrilla ambush Saturday.

The rioting in Colombo began Sunday night as news of the ambush reached the capital. Members of the majority Sinhalese population sought revenge for the attack, believed to have been carried out by rebels from the Tamil minority fighting for a separate state.

The Tamils are mostly Hindus and make up about 20 percent of the population of this largely Buddhist nation.



TRADE ACCORD SIGNED — Chan Zhaoxuan, the Chinese ambassador to Britain, and Margaret Thatcher, the British prime minister, celebrated Monday in London the signing of a trade accord providing telecommunications services for oil fields in the South China Sea. At the same time in Beijing, negotiations between the two countries on the future of Hong Kong were resumed after a two-week break.

U.S. Sees Deficit Cut to \$82.3 Billion By 1988 Based on Stronger Recovery

The Associated Press

WASHINGTON — The Reagan administration said Monday that the stronger U.S. economic recovery would bring in additional revenues over the next five years to help reduce the federal deficit gradually to \$82.3 billion in 1988.

Even so, the administration, in its latest review, is still forecasting a record deficit of \$209.8 billion in this fiscal year, a bit less than the \$210.2 billion projected in April. The deficit stood at \$110.6 billion last year.

For the 1984 fiscal year, the administration is projecting a deficit of \$179.7 billion, which is \$10.6 billion less than the amount estimated in April. The revision is due to an expected increase in revenues to the government of \$14.7 billion and an increase in expenditures of \$4.2 billion. The 1984 fiscal year starts Oct. 1.

The administration's expectation of greater revenues flowing to the government is largely based on

the revisions in its assumptions about the economy's performance, according to the review prepared by the Office of Management and Budget. The fresh economic forecasts predict that the economy will bounce back from the 1981-82 recession more quickly than most economists had expected early this year.

However, the latest deficit projections assume congressional approval, and no one can be certain exactly what Congress will do," said Edwin L. Dale, assistant director for public affairs for the Office of Management and Budget.

In its economic forecast, the administration said that it expected the economy to grow at an inflation-adjusted annual rate of 5.5 percent between the fourth quar-

ters of last year and this year. That is better than the 4.7 percent of the administration's spring forecast and the 3.1 percent expected when the 1984 budget was unveiled in January.

In the latest budget review, the administration projected that the deficits would decline from \$170.2 billion in 1985 to \$82.3 billion in 1988. Administration forecasts in the spring had put those deficits at \$184.6 billion and \$102.4 billion, respectively.

The smaller deficits in the later years reflect the administration's plan for steady taxes to raise \$146.4 billion from fiscal 1986 through 1988 by imposing a 5-percent surcharge on personal and corporate tax payments and a 55-cent tax on oil. The plan provides for the taxes only if Congress makes additional reductions in spending programs and the economy is healthy. So far, the proposal has received a cool reception on Capitol Hill.

Power System Defaults On \$2.2-Billion in Debt

The Associated Press

SEATTLE — The Washington Public Power Supply System defaulted Monday on \$225-million worth of bonds sold to finance two nuclear plants that were later canceled. It was the largest bond default in U.S. history.

Chemical Bank of New York, trustee for the bondholders on the system's projects 4 and 5, said the power company consortium had handed over \$25 million in response to the trustee's demand.

"An event of default has occurred under the bond resolution for the projects," said William Beris, a vice president for Chemical Bank, which is based in New York.

A spokesman for the system said that Monday's default would not push the system to file for bankruptcy. He said the system's board "has said very clearly that even in the event of default they have no intention of declaring bankruptcy."

On Friday, a state judge dissolved his order preventing default. After that, Mr. Beris said, the sys-

tem "admitted its inability to pay its debts generally as they become due for 4 and 5. That admission constitutes an immediate event of default."

Mr. Beris said, after the system's admission late Friday that it could not pay the debt, that Chemical Bank then demanded that the system hand over all money and securities held by the system and pledged under the bond resolution.

"In response to that demand, the supply system today transferred to Chemical Bank \$25.7 million of funds held by it in connection with the projects," Mr. Beris said.

Under terms of the bond resolution, any money that Chemical Bank secured from the system is to be used to pay expenses and liabilities of the bond-fund trustee, the cost of operations and maintenance of the projects and the principal and interest on the bond debt, in that order.

In essence, Mr. Beris said, the entire \$25.7 million will be eaten up by the first two categories of expense, leaving little if anything at the moment for the bondholders.

U.S. Planning to Expand Covert Intelligence Role Across Central America

More Aid Set For Guerrillas In Nicaragua

By Philip Taubman

New York Times Service

WASHINGTON — The Reagan administration is preparing a major expansion of covert intelligence operations in Central America as part of a plan to increase U.S. military activities in the region, according to senior administration officials.

The plans, which the officials said Sunday were being refined but had been approved in general by the White House, include stepped-up support for anti-government insurgents in Nicaragua and a campaign of sabotage directed against Cuban installations in Nicaragua.

The expanded program of paramilitary action, the officials said, would make the activities of the Central Intelligence Agency in Central America the most extensive covert operations mounted by the United States since the Vietnam War. Intelligence officials said that under the plans the rebel forces in Nicaragua that are supported largely by the CIA would grow significantly beyond the current total of about 10,000 men.

Administration officials said the Defense Department, which will provide military equipment and other supplies for use by the CIA as it increases operations, expects that the demand for certain kinds of assistance may be great enough to affect the combat readiness of some regular U.S. forces.

Specifically, they said the CIA's need for air transport to carry ammunition, weapons and other military equipment to Central America is likely to require the diversion of air force cargo planes from other high-priority missions. The CIA is also expected to use large quantities of communications equipment, as well as paramilitary and training personnel, and to call on the Defense Department for specialists in psychological warfare and advisers for special projects.

A White House spokesman, Sheila Dixon, said the White House would have no comment on reports about expanded covert operations in Central America.

The planning for increased covert action comes as the House of Representatives is nearing final action on legislation that would cut off covert U.S. support for the Nicaraguan rebels. Debate on the bill was scheduled to begin Tuesday and a vote is possible this week.

Information about the plans for covert action was obtained from officials familiar with the preparations who said they oppose expanded U.S. involvement in Central America. The information was confirmed by other administration officials.

The proposed legislation, which is named after its two chief Democratic sponsors, Representative Edward P. Boland from Massachusetts, the chairman of the House Intelligence Committee, and Representative Clement J. Zablocki, the chairman of the House Foreign Affairs Committee, would end U.S. financial and military support for the rebels that began in 1981.

Instead, it would allocate \$80 million in overt assistance over the next 15 months to Central American nations for use in trying to block the transfer of Soviet and Cuban arms that the administration has repeatedly said flow through Nicaragua to guerrillas in El Salvador.

Even if the bill is approved by the House — congressional leaders say the vote is too close to call — administration officials said they will be able to continue to support the insurgents because the Republic (Continued on Page 2, Col. 2)



Protesters in Bogotá displayed a burned American flag Sunday to protest continued U.S. intervention in Central America. The occasion was the 200th anniversary of the birth of the South American liberator, Simon Bolivar.

Caribbean Allies Express Confusion on U.S. Aims

By Christopher Dickey

Washington Post Service

TEGUCIGALPA, Honduras — Facing a rapid succession of U.S. diplomatic and military measures designed to pressure Nicaragua's Sandinist government, some of Washington's closest allies in Central America are expressing confusion about the direction of U.S. policy in the area and a growing fear that crossed signals could lead to serious miscalculations and a widening war.

The Honduran foreign minister, Edgardo Paz Barmiza, said in an interview Sunday that "the military attitude of the United States" toward Nicaragua is "a unilateral attitude" even though Hondurans will participate in many of the military exercises announced over the last few days.

By sending aircraft carriers and escort ships to Central America's shores, Washington "could serve to provide pressure" or "more fruitful negotiations between Nicaragua and its neighbors" or it could worsen tensions, Mr. Paz Barmiza said.

"That's why we have to have faith in the initiatives of the Contadora," Mr. Paz Barmiza concluded, referring to diplomatic efforts by Mexico, Venezuela, Colombia and Panama to promote talks among the five Central American republics without any direct involvement by the United States.

Officials of three of the Contadora countries who met last week in Caracas joined the presidents of three other Latin American countries Sunday in issuing a statement in Caracas calling for an end to foreign interference in Central America, one of the goals of the Contadora effort.

President Fidel Castro of Cuba has also publicly expressed support for the Contadora initiative. The Mexican government newspaper El Nacional published a letter from Castro to the presidents of the Contadora countries saying, "We are sincere supporters of the fact that confrontation should be substituted by dialogue."

At least one of the Contadora presidents, Belisario Betancur of Colombia, will be visiting Central America this week in preparation for a meeting of the Contadora and Central American foreign ministers in Panama beginning Thursday.

The Nicaraguans, meanwhile, issued their most flexible negotiating agenda yet last Tuesday, even as some Sandinist officials warned that Washington and its navy may be trying "to turn the Gulf of Fonseca into the Gulf of Tonkin" by forcing an incident or military confrontation that could prompt direct U.S. intervention.

Yet for all the movement toward the bargaining table there is still worry among many Central Americans that the most powerful player, the United States, is unsure of what it wants and how to get it.

"There is a sensation of confusion, of surprise," said a senior

Honduran official reviewing the Reagan administration's recent moves toward peace and war.

The clearest trend that has emerged from Washington appears to be toward confrontation with the government in Managua.

While the Reagan administration's demands on the Sandinists once focused mainly on ending their support for leftist insurgents in El Salvador, the current emphasis is on changing the character of the Nicaraguan government, which has taken a hard line in restricting political opposition.

A senior U.S. diplomat in the region suggested that other points of interest probably cannot be negotiated successfully with the Sandinists until they change their approach to government.

"It is now considered that the only way they can be trusted to keep an agreement is to have the type of government which would force them to do so or make it a public issue," he said.

Asked why the lack of democracy in rightist countries of the region does not provoke the same reaction from Washington, the diplomat said, "We have more influence over the others. You can trust them not to go against vital U.S. interests."

Despite their confusion about Washington's negotiating stance, Central American allies of the United States also say the Sandinists must return to their original promises of conventional, pluralistic democracy.

Mr. Paz Barmiza said Sunday that "the problem is that there exists in Nicaragua a communist totalitarian government and that is incompatible with our democratic system of life and of government."

Mr. Paz Barmiza said that what (Continued on Page 2, Col. 1)



VICTIM OF A HEAT WAVE — A blind patient, center, is evacuated from a Chicago nursing home where weekend temperatures reached 105 degrees Fahrenheit (40.5 centigrade) in some rooms and were blamed for the deaths of 48 elderly residents. The U.S. heat wave, which has reportedly led to the deaths of 148 persons, continued Monday in the Southern states, but thunderstorms cooled the Midwest.

Los Angeles Homeowners Off and Running for Olympic Gold

By Judith Cummings

New York Times Service

LOS ANGELES — Like latter-day Forty-Niners, hundreds of Los Angeles homeowners are out to stake a claim on riches by renting out their homes during the Olympic Games.

Seeking renters for the duration of next summer's Olympics has become one of the hottest games in town. So far nearly 20 companies are matching out-of-town visitors with Southern California homes.

Cocktail parties from Brentwood to Pasadena are dominated by comparisons of how much one's house is commanding, or at least the listed price.

A letter from Executive Home Leasing's files, on a raved stationery bearing a wealthy San Marino address, tells the story of many of their clients.

"When we mentioned to friends in May that we'd signed a possible rental contract with you, the notes went straight up," the letter said. "Never have I seen couple sadder so obviously. What about your furniture? Your silver? They stopped just short of saying, 'How lucky.' So, local rumor has it now that the queen ad Princess Diana have rented in Arcadia. My dears, up phone is ringing off the hook. It pains me, but we RE giving them your number."

A Brentwood professional man said while signing his house over to a major Olympics sponsor: "There's a lot of people in the Los Angeles community who see the Olympics as a great way to make money, a bonanza for the restaurants, the shops."

His five-bedroom house went for \$12,500 a week, or \$37,500 for three weeks. He commented: "I wouldn't pay that much to stay in Buckingham Palace."

Many homes in desirable areas, with swimming pools, tennis courts or an ocean view, are up for a minimum of \$1,000 a week per bedroom for two or three weeks during the Olympics. A few homeowners have already gotten \$5,000 to \$12,000 and higher a week, throwing in such niceties as maid service, new linens and sometimes the family limousine.

This kind of money comes mostly from corporations seeking a cost-is-no-object mansion for the entertainment of important clients during the Olympics, scheduled from July 28 to Aug. 12, 1984.

More modest apartments and condominiums are going for \$200 to \$300 a night for four people, and other residents are offering bed and breakfast for as low as \$40 or \$50 a person a night.

In the spirit of what the Los Angeles Olympic

Organizing Committee has said will be the first true "private enterprise" Olympics, with a minimum of government involvement, much of this entrepreneurial activity is being handled free-lance.

The Greater Los Angeles Convention and Visitors Bureau has compiled a list of 18 housebrokers that it provides on request to homeowners, but neither the bureau nor the committee has considered it necessary to officially oversee the activity.

Olivia Brayden-Abosch, president of Brayden-Abosch International — she dropped the word "Olympics" from the name at the request of the Olympic Committee — said the financial expectations of some homeowners are beyond realism. She cited a woman with a two-bedroom home in a comfortable though modest area who is asking \$25,000.

"And on top of that, she had a high anxiety level, like about her plants," Mrs. Brayden-Abosch said. "I said, 'Lady, if you're asking that much, you can hire somebody to come in and water them.'"

Such anxieties seem far from the minds of Robert Baker, the president of a technical school, and his wife, Bonnie. The Bakers have listed their three-bedroom house in Playa del Rey, featuring a view of the ocean

and the Marina del Rey yacht basin, with Executive Home Leasing, which promises only corporate clients. The Bakers are asking \$8,500 a week.

All the talk about big money has not made everyone happy. People in the travel industry are mostly offering inexpensive rentals or host arrangements, often as barter for vacation trips, and they accuse the real estate brokers of exploiting the Olympics.

"We're sort of splitting ourselves from the real estate people because of these high-price promises on the market," said Craig Chandler of L.A. Housing for '84, another of the new agencies.

Executive Home Leasing disdains the accusations. Merilee Reid, president of the company, which is searching out high-priced houses for many of the companies that are Olympic sponsors or suppliers, said the prices are comparable to those for suites in the best hotels and include comforts and privacy a hotel could not hope to provide.

She said all payments are handled by an escrow company. The leasing company takes a 20 percent commission, paid in equal shares by the homeowner and the renter.

INSIDE

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New Mideast Envoy: Trusted Insider

McFarlane, Habib's Successor, Served 3 U.S. Presidents

By Steven R. Weisman
New York Times Service

WASHINGTON — Robert C. McFarlane, who has been named by President Ronald Reagan to succeed Philip C. Habib as the U.S. chief Middle East negotiator, has won praise from so many quarters that many people reacted with dismay that he would be moving on to another post.

In his job as deputy national security adviser, for example, Mr. McFarlane — a veteran of diplomatic and bureaucratic battles in three Republican administrations — is viewed inside and outside the White House as the indispensable negotiator with Congress, as in Mr. Reagan's recent uphill efforts to get money approved for the MX missile.

"More than anyone else in the administration, Bud McFarlane is the guy in this administration who has had the confidence of the members of Congress," said Representative Les Aspin, a Wisconsin Democrat. "He's the one guy who has been totally in command of the technical issues and the political nuances."

Another administration ally on the MX issue, asking not to be identified, said that he was "distracted" that Mr. Reagan would

take Mr. McFarlane away from the MX and reassign him to concentrate on the Middle East, where the possibilities of progress are so unlikely.

Although Mr. McFarlane will continue to serve as deputy national security adviser, White House officials said Friday that it will be difficult for him to concentrate on nuclear arms, Central America and other issues that he has been involved in.

White House officials agree that Mr. McFarlane has emerged in the last year as one of the most trusted, influential and effective members of Mr. Reagan's foreign policy inner circle. Without question, he is also one of the most anonymous of Mr. Reagan's team players, routinely refusing requests for interviews and even declining to be photographed.

He has also served as a buffer and a go-between during periods of strain between William F. Clark, the national security adviser, and the group of pragmatic Republicans at the White House led by James A. Baker 3d, the White House chief of staff.

On several recent issues, Mr. McFarlane has forged a crucial partnership with Kenneth M. Dubois, the congressional liaison

officer, that has won passage for Mr. Reagan's foreign policy initiatives.

One White House aide said he feared that the loss of that partnership could spell defeat for these initiatives. But a national security aide said that Mr. Clark planned to drop his own aloofness from congressional dealings to make up for the loss of Mr. McFarlane.

Mr. McFarlane is a retired Marine Corps colonel who has served behind the scenes at the White House in different roles since 1971, when he first joined the administration of Richard M. Nixon.

He was military assistant to Henry A. Kissinger when Mr. Kissinger was national security adviser. Later he served as an assistant to Lieutenant General Brent Scowcroft when General Scowcroft was national security adviser to President Gerald Ford.

From the White House, he was sent by the Marine Corps to Okinawa. According to his friends, he began feeling bored and unappreciated and retired, joining the staff of the Senate Armed Services Committee.

Secretary of State Alexander M. Haig Jr. brought him in as counsel at the State Department in 1981. When Mr. Clark took the job of



Robert C. McFarlane

national security adviser in January 1982, he chose Mr. McFarlane as his deputy.

■ Syrian Reaction Limited

Syrian newspapers carried front-page reports that President Reagan had named Mr. McFarlane to succeed Mr. Habib, but editorial reaction was limited. The Associated Press reported from Damascus.

"The issue is not in the identity of the U.S. envoys but rather in the identity of their missions," said Tahrim, the government newspaper.

Looking to His Legacy, Deng Takes On Image Of a Dynamic Leader

By Michael Weisskopf
Washington Post Service

BEIJING — After years of reshaping China from behind the scenes, Deng Xiaoping is emerging with a heroic public image to match his political power.

From newspaper photographs depicting his revolutionary youth to an officially sponsored sensation over his writings, Mr. Deng for the first time is being cast as a dynamic leader of historic significance.

The star billing falls short of the adulation once accorded Mao Tse-tung, but it fits somewhat oddly on Mr. Deng, who always opposed Mao's cult of personality and shunned the spotlight himself as he worked backstage on the reform programs that are his trademark.

Diplomats believe the sudden celebration of Mr. Deng has less to do with vanity than with the requirements of China's political culture. At 79, he is working out a legacy to bolster his hand-picked successors.

"The legacy of great deeds gives your protégés the high moral ground in any succession debate and puts the masses on their side," said a Western analyst. "Deng is building himself larger than life to set the terms for the inevitable debate."

Although Mr. Deng clearly is the prime mover of post-Mao China, he has contented himself with modest portfolios as chief of the Military Commission, head of an advisory council and member of the Politburo's elite Standing Committee.

With his protégés now secure and his reforms taking root, however, he appears to be carving out a place in history for himself to make sure his impact outlives him.

In May, Mr. Deng was called on to inscribe a huge granite monument in his home province of Sichuan commemorating one of the famous battles of the Long March of the Red Army to the caves of Yan'an in 1934-35.

His reputation as a strong military figure was reinforced in June, with a half-page spread of photos in the People's Daily illustrating his rise from guerrilla fighter in the 1930s to military planner in the 1940s to commander in chief reviewing troops from the back of a limousine in the 1980s.

On July 1, the testimonials began spiraling with the publication of "Selected Works of Deng Xiaoping," a collection of his speeches and statements from 1975 to 1982.

Within a day of its release, the army and provincial party organs were mandating careful study of "Selected Works" and top officials used it as a vehicle for praising Mr. Deng.

The military commander, Li Desheng, who has opposed some of Mr. Deng's reforms, wrote that the writings reflect "the vision and sagacity of a mature Marxist and the superior skill in the leadership of a proletarian politician."

A Politburo member, Yang Shangkun, credited Mr. Deng with creating "a model for the union of revolutionary soul and the realistic spirit."

The official news media claimed that two million copies of the rust-colored book were snatched up in the first 10 days as long lines formed outside bookstores. Reports of reader reaction from the generally apolitical Chinese public sounded suspiciously rehearsed, however.

According to one report, Shanghai shipyard workers began discussing the book's merits on the morning of its release.

"This will help me understand the line, principles and policies of the party since late 1978," an unidentified worker was quoted as saying.

Even though Mr. Deng fought Mao for much of his career and criticizes his ultraleftism in the book, commentators have observed the rivalry, apparently to make Mr. Deng's following universal.

According to the party's theoretical journal, Red Flag, Mr. Deng "didn't tarnish Mao's image but recovered it from the godlike state and made it human again."

The military's influential Liberation Army Daily went a step further, saying Mr. Deng "safeguarded Mao's historic position under new historical conditions and upheld and developed Mao Tse-tung thought."

Iran Claims Successes in Raid on Iraq

By Paul Eedle
Reuters

TEHRAN — Iranian forces have captured about 200 square kilometers (77 square miles) of Iraqi territory in the offensive they launched in the Kurdish mountains Saturday, one of the commanders of the operation said Monday.

The national press agency quoted the unnamed commander as saying the Iraqis had tried to stop the offensive by mounting air attacks on the Iranian troops and on the Iranian border town of Piranshahr.

The agency's report gave no fresh news from the battlefield. But in Tehran, foreign reporters were invited to visit the battle zone, a sign that fighting might be easing.

An Iranian communiqué issued Sunday afternoon said Iranian forces had captured six more Iraqi positions. It said 3,800 Iraqi troops had been killed or wounded and 150 captured since the offensive began Saturday.

Earlier, official reports said Iranian forces were consolidating their positions, shelling Iraqi lines and laying siege to an Iraqi garrison at Chumana Mustafa, south of the main fighting.

An Iraqi military communiqué issued Sunday night in Baghdad said that heavy fighting was continuing in the area and that Iran had suffered heavy losses. An earlier communiqué said more than 1,400 Iranians had been killed.

Iran, which reported achieving its major objectives by the evening of the first day of the offensive, said it controlled 15 kilometers (nine miles) of territory on the border near Piranshahr along a road toward the Iraqi town of Rawandiz.

The operation appeared to be more limited in size and aims than previous Iranian offensives farther south in the open plains of the oil province of Khuzestan.

This appeared to be in keeping with a policy statement by the speaker of Iran's parliament, Hashemi Rafsanjani, after the last Iranian offensive, in April.

Noting that five other offensives had not made great progress, he said Iran would concentrate on waging a war of attrition while making limited advances on the battlefronts where possible.

WORLD BRIEFS

Craxi Consults Economic Lobbies

ROME (Reuters) — The Italian prime minister-designate, Bettino Craxi, negotiating to form Italy's first Socialist-led government, was consulting economic lobbies Monday after an encouraging first round of talks with other politicians.

President Sandro Pertini asked Mr. Craxi last Thursday to form Italy's 44th postwar government after the Socialist won 11.4 percent of the vote in the June elections.

In two days of talks with the nine parliamentary parties, Mr. Craxi, 49, obtained a general consensus for his proposed coalition, except from the opposition Communists, the second-largest party, and the small Proletarian Democracy. Experts from the parties likely to form a coalition were due to start sketching out a program for the new government in preparation for Mr. Craxi's second round of talks with politicians on Wednesday, political sources said.

Chad Gets First Supplies From U.S.

NDJAMENA, Chad (AP) — The first shipments of \$10 million in U.S. military support equipment were delivered Monday to the Chadian government, whose forces are preparing a drive on a rebel-held stronghold in northern Chad.

A U.S. Air Force C-141 transport plane landed at Ndjamena's international airport Monday with what were understood to be the first military supplies sent directly by the United States in Chad's 18-year-old civil war. Two U.S. transport jets are expected daily with clothing, tents, food, fuel, jeeps and other vehicles.

Poland Slowly Frees Lesser Dissidents

WARSAW (Reuters) — Political prisoners were being freed gradually from jails in Poland Monday under a limited amnesty — but none of the best-known dissidents were thought to be among them.

Almost all of the most outspoken leaders of the banned Solidarity independent trade union, with the exception of Lech Walesa who was released earlier, will remain in prison or in hiding.

Officials were unable to say exactly how many of 550 people now in prison, either awaiting trial or sentenced, would be freed under the limited amnesty which followed the lifting of martial law last week.

Death Toll at 87 in Japanese Storm

TOKYO (UPI) — Prime Minister Yasuhiro Nakasone ordered the government Monday to review the country's disaster prevention measures as a result of a weekend monsoon in western Japan that killed at least 87 persons and left 29 missing. Most of the casualties were caused by mudslides.

"It is very hard to imagine that there are any more survivors," said a police spokesman in Shimane prefecture, about 400 miles (640 kilometers) southwest of Tokyo, on the third day of a search for the missing. Property damage was estimated at more than \$100 million.

Strauss Intervenes for East German

DRESDEN, East Germany (AP) — The Bavarian premier, Franz Josef Strauss, who is on a private tour of Eastern Europe, prevented East German security police Monday from dragging away a woman who was seeking help in emigrating to the West.

Mr. Strauss, an outspoken critic of Eastern Europe's Communist governments, but who recently negotiated a loan for East Germany and on Sunday met with the East German leader, Erich Honecker, said he would discuss the incident with East German officials.

The woman, who identified herself as Elke Weiss, 30, was allowed to speak to Mr. Strauss after he intervened with police. Police checked her papers, then let her go.

Suit Delays Swedish Envoy in Manila

MANILA (Reuters) — Last-minute intervention by the government of the Philippines Monday halted the scheduled departure of the Swedish ambassador, Bo Kalfors, and his journalist wife, Stenah Ocampo-Kalfors, who has been sued for libel here.

Mr. Kalfors was due to fly to Stockholm for a briefing before taking a new post as ambassador to Mozambique.

Mrs. Ocampo-Kalfors, a native of the Philippines, claimed diplomatic immunity to avoid being served with an arrest warrant last May. She has been sued for 25 million pesos (\$2.2 million) by army officers who claim they were libeled by an article she wrote in the Far Eastern Economic Review.

Gulf Nations Plan First Maneuvers

MANAMA, Bahrain (LAT) — Saudi Arabia and five small nations around the Gulf are planning to stage their first military exercises in October as a step in their formation of a regional rapid deployment force, officials have announced.

Although details, schedules and locations have not been announced, Western diplomats view the maneuvers as a significant development in the growing unity of the Gulf states that indicates an increasing commitment to protecting their own oil fields.

The countries involved — Saudi Arabia, Oman, Bahrain, Kuwait, Qatar and the United Arab Emirates — make up the Gulf Cooperation Council, an organization formed in 1981. Collectively, they can field an army of about 140,000.

For the Record

LONDON (Reuters) — Female anti-nuclear campaigners splashed white paint on a U.S. reconnaissance plane Monday after cutting through a fence at the Greenham Common air base, the Defense Ministry reported. The plane had been on public view at a weekend air show.

PARIS (AP) — President Mobutu Sese Seko of Zaire arrived Monday for an official visit to France during which he will meet with President Francois Mitterrand to discuss the civil war in Chad. Mr. Mobutu will visit the United States after France and will meet with President Ronald Reagan on Aug. 4.

U.S. Allies Confused in Caribbean

(Continued from Page 1)

Honduras seeks is "not precisely that the [Nicaraguan] government should fall but that it should democratize itself."

The role of the Reagan administration's recent appointees like Richard B. Stone, the special U.S. envoy to the area, and Henry A. Kissinger, who heads a bipartisan commission, have also befuddled both friends and opponents of U.S. policy in the region.

Diplomats are asking each other what the relationship between Mr. Kissinger and Mr. Stone will be, and government officials in this and other countries have begun to talk of Mr. Stone as essentially a lame duck.

"Poor Stone seems to be left with his legs broken in the middle of the road," one Honduran politician said.

Washington's proposed increase in financial support for anti-Sandinist rebels fighting to overthrow the Nicaraguan government is also an object of speculation and concern here.

As one military official put it, by keeping a "covert" wrap on the operation but pressing for ever bigger commitments, Washington could create a situation that could leave Honduras in an untenable position.

N. Korea Rejects Talks On Reuniting Families

The Associated Press

TOKYO — The North Korean Red Cross has rejected a proposal by South Korea to reopen decade-old talks on reuniting an estimated 10 million families separated during the 1950-1953 Korean War, the North's official Korean Central News Agency reported Monday.

It said that the North Korean Red Cross Society issued a statement Sunday calling the South Korean proposal "a masquerade under the veil of humanitarianism under which lurks a sinister political purpose."

U.S. Plans Expanded Covert Actions

(Continued from Page 1)

can-controlled Senate is unlikely to pass the same legislation.

The administration's plan to expand covert activities also comes at a time when reports from Nicaragua suggest that the CIA-supported rebels have made little headway against the Sandinist government and appear to have galvanized popular support for the government rather than undermining it.

Reagan administration officials, however, contend that the rebels, by forcing the government to divert military forces and other resources into combating the insurgents, have hurt the Sandinists and pushed them toward joining negotiations aimed at reducing regional tensions.

Last week, Daniel Ortega Saavedra, the coordinator of the governing Nicaraguan junta, proposed regional negotiations on ways of easing military tensions, the ending of military support for insurgents in El Salvador and elsewhere, and the banning of foreign military bases and training in the region.

The Reagan administration described the proposal as a "positive step," but noted that it had "serious shortcomings."

The planned increase in covert activities directed against Nicaragua is likely to add to the debate in Congress about the aims of U.S. intelligence operations in Central America.

When the administration began aiding the rebels in 1981, intelligence officials told Congress that the primary purpose was to create a paramilitary force that could interdict arms shipments from Nicaragua to El Salvador. Later, as rebel operations grew, intelligence officials told Congress that the insurgents would also harass the Nicaraguan government.

Congressional opponents have argued that the true aim of the administration's Nicaraguan operation is to overthrow the Sandinists, a goal that would be in violation of a law passed in 1982 that prohibited any U.S. support for efforts to oust the Nicaraguan government. The Boland-Zablocki bill grew out of this concern.

The U.S. ambassador to Nicaragua, Anthony C. Quainton, said

Sunday in a television interview that U.S. policy "is not to topple the Sandinista government." He added, "Our policy is to try and modify its behavior in some substantial ways which are consistent with our interests and our vital security concerns throughout Central America."

Mr. Quainton said that there are "at least 6,000 Cubans in Nicaragua today." He added that several thousand are "engaged in direct training for the security service, for the military forces of the Nicaraguan government."

Plans to sabotage Cuban installations in Nicaragua grew out of a growing concern about the Cuban

activities, administration officials said. They declined to provide any details.

■ U.S. Military Exercises

Pentagon officials said Monday that U.S. combat troops will begin large-scale exercises with Honduran forces next month in maneuvers involving up to 4,000 Americans in Honduras at any time, United Press International reported from Washington.

At the same time, naval exercises involving two aircraft carrier battle groups and a surface action group will conduct operations off Central America's Pacific and Caribbean shores in August and September, the officials said.

Departing U.S. Envoy Predicting A Long Stalemate in Afghanistan

United Press International

WASHINGTON — If Afghan rebels remain effective militarily and the Russians keep up their troop commitment, the Soviet Union could be bogged down in the war until the end of this century, the departing top U.S. diplomat in Afghanistan said.

But Charles Dunbar, who recently returned to the United States after 16 months as the charge d'affaires heading the embassy in Afghanistan, told U.S. News & World Report in the magazine's issue released Sunday that it is reasonable to expect something to happen to break the standoff sooner than the end of the century — most likely a rebel action the Soviets find intolerable.

Mr. Dunbar said the war could drag on if the Russians keep their 105,000 troops in Afghanistan and if the rebels remain "extremely effective militarily and less so politically."

"The conventional wisdom is that the Soviets would have to bring in something in the order of a half-million men if they were to hope to do a great deal more than they are now in the way of suppressing the resistance," he said.

Doing that, he said, would increase military costs to the Russians, who have been in Afghanistan since December 1979, and worsen diplomatic strains with the rest of the world.

Nkomo May Lose Seat In Zimbabwe

United Press International

HARARE, Zimbabwe — Joshua Nkomo, the opposition leader who secretly left the country in March, now faces an effort to deprive him of his parliamentary seat, a government official said Monday.

Edison Zvogbo, the minister of legal and parliamentary affairs, said Mr. Nkomo had until Friday to return and make an appearance in Parliament. Under Zimbabwe's constitution, any member who misses 21 consecutive sitting days without permission from the speaker of Parliament runs the risk of losing his seat, he said.

Mr. Zvogbo said he planned to make a motion declaring Mr. Nkomo's seat vacant after Friday's deadline expired.

Swiss Foreign Population Up

United Press International

BERN — Switzerland's population was 6,423,100 as of Jan. 1 with slightly more foreign residents than last year, up .6 percent to 15 percent of the total, the Federal Bureau of Statistics reported Monday.

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New Global Role in Industry Helps Brazilian Automakers Weather the Recession

By Jackson Diehl

Washington Post Service

SAO BERNARDO DO CAMPO, Brazil — The scenes of depression in this auto town — its empty hangars, its silent production lines, its pointless soup kitchens — have a peculiarly international tone.

Sao Bernardo, home of Ford and an exit or two down an eight-lane freeway from General Motors, is really not far from Detroit.

When the recession reached here in 1981, about 15,000 workers for Brazil's big three automakers — Volkswagen, Ford and GM — lost their jobs. Production dropped by 32 percent in a year, and the three companies lost a total of \$225 million.

Like their parents in the United States and Europe, Brazil's automakers have found that the crisis has accelerated a move toward a fundamental industry shake-up. But in this southern megalopolis landscape, studiously modeled along the postwar lines of the industrialized nations in the North, the features of change are strikingly different. Despite the hard times, the Brazilians still provide a vital link in the global automaking effort.

Tucked into the multiple complexes of Ford Brazil is a sparkling new assembly plant and new shops for painting and stamping parts. Across town, a sign with GM's familiar logo marks a new, high-technology engine factory that is crating motors for Buicks, Pontiacs and Chevrolets in Europe and the United States.

While the industrialized world has suffered

ment behind them, is the sign of what has changed for Brazil's basic industries and their once-dominant tutors abroad.

For a generation, auto producers in Brazil have been leaders in a vast expansion of the country's economic power. They have been symbols of a development aimed at consumption and heavily supported by foreign investment, particularly by multinational companies.

But Brazil's economic crisis and the collapse of the long boom have ended that kind of growth. Meanwhile, the automakers increasingly have moved to integrate their production with that of factories in the industrialized West and to make use of Brazil's advantages in resources, modern equipment and cheap labor.

The result is that Brazil has been slowly redefined in international terms from a supplier of coffee, food and raw materials to a producer of basic industrial goods.

The shift in auto production can be traced to 1972, when producers led by Ford persuaded the government to allow them to import some equipment and parts at low cost. In exchange, they agreed to export 83 worth of products for every \$1 worth of imports. The program soon spread to other major industries, even as auto-

makers began to export on an important scale for the first time.

For Ford and GM, the breakthrough developments have come in the past three years. Not only did the American corporations decide to make large investments for new plants and equipment; they also moved to introduce the production of "world cars" in Brazil.

The "world car" is important mainly for its production system. For Ford and GM, it means that factories in different parts of the world are associated in the production of a single model or type of car. Rather than build an engine plant at each assembly site, for example, the companies invest in one or two large factories and then export the motors to other areas.

It is a shift that many experts view as decisive in shaping the growth of the country and its future economic and political relationships with established powers such as the United States.

Until recently, Brazil emphasized an industrial growth based on its urban middle-class workers and consumer goods. Because that market is so large, and was so undersupplied 30 years ago, the strategy ignited one of the developing world's longest and biggest growth spurts in the 1960s and 1970s.

As in the United States after World War II, the expansion was founded most broadly on the automobile. Beginning in the 1950s, Brazilian governments emphasized the highway and the passenger car as the prime means of transportation. Then President Juscelino Kubitschek began a program of requiring gradually higher levels of locally made products in automobiles, while restricting imports.

Major auto companies had no choice but to build assembly plants if they wished to sell to the large Brazilian market. By 1959, the first Volkswagen Beetle was produced in Sao Bernardo, and by 1960 a whole industry had blossomed. The number of auto-parts manufacturers grew in three years after 1957 from 700 to 1,200, and fledgling companies produced 321,000 cars.

"It was a historic development," said Gus Diniz, a Brazilian economist who is executive director of the Rio de Janeiro American Chamber of Commerce. "For Brazil, it was like the glory days of NASA in the United States. Whole new industries were born, and there was a tremendous excitement about what was happening."

For a dozen more years — until oil prices

began to rise — the auto industry expanded almost exclusively on the strength of Brazil's internal market.

Increasingly, the rapid expansion was influenced by multinational companies. Ford and Volkswagen bought out small producers, and for the past decade the passenger-car market has been composed of four large companies — Ford, Volkswagen, GM and Fiat.

The growth has been so fast, however, and so many firms — in and out of the auto industry — have entered the Brazilian market, that much of the production has been inefficient. Consequently, the two-year-old recession is producing an important shake-up of multinational companies and Brazilian industry as a whole, analysts say.

But the benefits accruing to multinational auto companies from producing in Brazil are clear. Brazilian autoworkers, considered relatively privileged by blue-collar standards here, earn about \$4 an hour. That is only a fraction of the cost of labor in the United States and Europe, and permits Brazilian plants to compete with new Japanese and West German factories heavily stocked with robots.

Next: The computer revolution.

EC Will Get Proposals For Farm Subsidy Cuts

By Philip Stephens

Reuters

BRUSSELS — Plans for major cuts in the European Community's farm subsidies, aimed at freeing more cash to encourage economic recovery, will be unveiled this week by the European Commission.

The proposals, to be completed

in three days of talks starting Tuesday, focus on sharp cuts in costly support programs for dairy, cereal, beef, and oilseed producers, officials said.

The aim is to reduce by up to 20 percent the \$14.5-billion annual payout to eight million farmers, which has caused a financial crisis for the EC.

More money could then be channeled into social, regional and industrial programs, in an effort to promote an economic upturn.

The officials said the plan would provide the framework for five months of intensive bargaining among the EC's 10 governments, scheduled to culminate at a summit meeting in December with long-term reform of EC finances.

"We are looking to put the lid on agricultural spending," said a senior official closely involved in the talks. "There can be no more open-ended guarantees to farmers."

Farm subsidies use up about two-thirds of the EC's total budget, mostly to store and sell off the surplus of products like milk, butter, wheat and wine.

Most of the subsidies are part of EC legislation, and past attempts at piecemeal savings have failed.

Last week the EC's finance ministers were forced to push through an emergency budget of \$2 billion to prevent bankruptcy later this year. More than three-quarters of the emergency budget is allocated to farm subsidies.

Officials said the EC was studying an unprecedented cut in guaranteed prices for milk, farmers, new taxes on dairy surpluses, ceilings on subsidies for cereal producers and lower payments to beef producers.

The officials acknowledged, however, that the proposals would meet stiff opposition among members with large farming sectors, notably France, Ireland and Italy.

The commission would thus be under pressure to also propose new limits on imports of agricultural products, they said.

Options under study include limits on imports of maize gluten feed from the United States, taxes on imports of oilseeds and greater restrictions on beef imports.

Britain Said To Fear Raids By Armenians

United Press International

LONDON — British diplomatic missions abroad are increasing security to guard against the possibility of extremist attacks to avenge an eight-year sentence a London court passed on an Armenian, Zaven Bedros, police sources said Monday.

Mr. Bedros, convicted of illegal possession of firearms with intent to endanger life, said he was on a mission for the Armenian Secret Army for the Liberation of Armenia, known as ASALA, to seize the Turkish Embassy and gain the release of Armenian prisoners in Turkey.

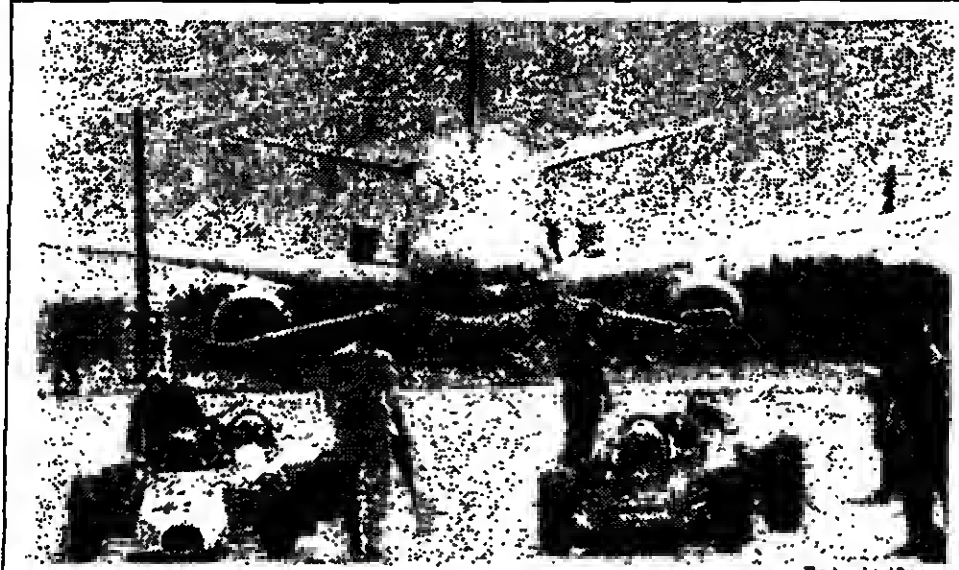
The sentence was passed Saturday by the Central Criminal Court after a 17-day trial.

ASALA claimed responsibility for explosions last Thursday at the French Embassy and the Air France office in Tehran.

That action followed the arrest in France of more than 50 Armenians in connection with a bomb attack 10 days ago at Paris's Orly Airport that killed seven people. ASALA threatened further attacks unless those detained were released.

Scotland Yard sources said ASALA could be considering similar action against British targets.

They said British diplomatic missions and airline offices were alerted as well as London's Heathrow and Gatwick airports.



EMERGENCY LANDING IN CANADA — An Air Canada Boeing 767 was forced to make an emergency landing in Gosh, Manitoba, when it developed fuel problems. The sports cars had been using the abandoned landing strip as an auto-racing track.

Boston and New York, Despite Law, Continue to Dump Untreated Sewage

By Dudley Clendinen

New York Times Service

BOSTON — Eleven years after the U.S. Congress approved legislation to clean up the nation's waters, the Atlantic Coast's two largest metropolitan areas, Boston and New York, are still releasing billions of gallons of untreated sewage into their harbors each year.

And the federal agency charged with enforcing the legislation, the Environmental Protection Agency, says it has no idea how many coastal cities are complying with the law, which ordered all sewer systems emptying into marine waters to provide at least secondary treatment of sewage wastes.

In Boston, the apparent threat to public health has made a state court judge determined to find and enforce a solution.

Experts say that repairing the metropolitan Boston system and raising its treatment to the secondary level could cost \$1.5 billion and would come at a time when the federal share of such capital improvements is scheduled to drop from 75 percent or more to 55 percent, as it will in 1985.

Boston, which discharged 12 billion gallons (45 billion liters) of untreated sewage into its own waters last year, not alone among coastal cities with old and patchwork systems that are prone to failure or function at lower levels of treatment than required by federal law. But public apathy began turning to disgust last summer when the sewage invaded public beaches.

For William B. Goldman, just south of Boston's harbor, the final insult came one morning when the young lawyer went down to run along the shore. It was low tide, and in the pale dawn he saw what he took to be a scattered gleaming of jellyfish, all down the beach.

To his revulsion, Mr. Goldman discovered that "they weren't jellyfish. They were little parties of human waste, and patches of grease." From that experience has come a

lawsuit dramatizing the gross pollution of Boston's rivers and harbor.

New York City has made more progress, but problems still remain. The city, which has spent \$2.2 billion in the last decade to upgrade nine of its plants, had to close all public beaches in Brooklyn, Queens and Staten Island two years ago when one of two old plants in Brooklyn failed.

The city system still releases 200 million gallons of raw sewage into its harbor every day, the same amount as it did 10 years ago, says Andrew McCarthy, a spokesman for the city's Department of Environmental Protection.

The Boston and New York City systems are among more than 200 sewage systems on the Atlantic and Pacific coasts that have asked the Environmental Protection Agency to waive the stringent secondary treatment requirements of the 1972 law.

The history and structural problems of the Boston and New York systems are the same and are shared by other old American coastal cities. Installed primarily in the 19th century and extended as the population grew, the pipes and tunnels were built to receive both sewage and storm water. The two mixed in the pipes, which poured them into the rivers and harbors, to be carried away by the outgoing tide.

In the metropolitan Boston area, the system evolved as 5,000 miles (8,000 kilometers) of pipe owned by 43 separate cities and towns. They fed into 200 miles of pipes and tunnels operated by the Metropolitan District Commission, a state agency, which did not build its first sewage treatment plant until 1953, on Nut Island, in the harbor.

The second plant, on Deer Island, was built in 1968. Both were built only to provide primary treatment — the separation, reduction and chlorination of the solids and liquids in the sewage — and not

secondary treatment, which further reduces the demand for oxygen by treated wastes after they are released. The joint capacity of the two systems is less than the volume carried by the pipes when it rains.

There are also illegal connections and infiltration by groundwater, and when the volume is too great for the piping network, the overflow discharges through more than 100 outfalls along the rivers and harbor front.

Illegal Salvadoran Refugees in U.S. Say Asylum Is Life or Death Issue

By Philip Shenon

New York Times Service

NEWARK, New Jersey — The Portillo family passed around the photographs of the coffin Sunday morning.

"This was my father," said José Portillo, pointing to the body in the simple wooden box. "Military or guerrillas, I don't know which, broke into the house in 1981 and took my father and tied his hands behind his back. Then they shot him. I don't know why. My father was a farmer, not a politician. We could not stay in El Salvador after that."

Mr. Portillo, 25, and 14 members of his family have fled the violence and poverty of El Salvador and settled here, nine of them illegally. They are among tens of thousands of Salvadoran refugees who have reached the New York metropolitan area since 1980.

The Federal Immigration and Naturalization Service says 500,000 Salvadorans, equal to 10 percent of El Salvador's population, are living in the United States. Church groups estimate that between 80,000 and 120,000 have settled in the New York, New Jersey and Connecticut area, up from 50,000 in 1981.

Lydia Savoyka, an immigration specialist in Manhattan for the U.S. Catholic Conference, said the agency received hundreds of requests from Salvadorans for political asylum each week.

"They line up in my office every morning," she said. "These people

are desperate. They are hungry. They are terrified of going back to the bloodshed. All the American government will do for them is send them home to die."

Her office is cluttered with boxes and file cabinets stuffed with requests from Salvadorans for asylum. Of the 800 asylum requests for Salvadorans that she filed last year, three were approved.

"Washington's policy is to support the El Salvador government," Miss Savoyka said. "So our government won't give these people political asylum because it would look like a contradiction."

The conference is one of a handful of organizations, most of them affiliated with the Roman Catholic Church, counseling Salvadorans in New York.

A number of the groups are urging the Reagan administration to permit the Salvadorans to remain in the United States until hostilities subside in their country.

The government has refused. Most of the Salvadoran refugees in the United States, it says, are here for economic reasons, not fear of political persecution.

Duke Austin, a spokesman for the Immigration Service, said that Salvadorans usually entered the United States by crossing the border from Mexico illegally.

"They could stay in Mexico, free from persecution, but they don't because they want the economic opportunity offered in the United States," he said.

Salvadorans have settled in large

numbers in Chicago, Los Angeles, San Francisco and Washington.

Because of their illegal status, most hide themselves in Hispanic communities. They often find jobs as domestics, factory workers and gardeners.

The Furtillas chose Newark because they had relatives living legally in New Jersey.

"We are together here, and we finally feel safe," said Martina Gayton Portillo, 54, José's mother. Like other family members, she spoke through an interpreter.

The family lives in a cluster of small apartments in a neighborhood of rundown tenements. They gathered in one of the apartments to discuss their plight. All nine have applied for political asylum and been denied it. Deportation proceedings have begun.

The journey to the United States began for most of the Portillos near Usulután province in southern El Salvador where the family had lived for generations.

They mostly went by bus to Guatemala and then to Mexico. From Mexico, they sneaked across the border into the United States, some of them wading across the Rio Grande river.

José Portillo, who earns \$4 an hour as a laborer, said that if the family were deported to El Salvador, "we would all be killed."

"When they kill one member in a family," he said, "they kill all of the family. They don't want to leave behind anyone to talk about the killing."

Madrid Delegates Weigh Acting Without Malta

By Brian Mooney

Reuters

MADRID — A senior U.S. diplomat said Monday there is increasing talk of bypassing Malta if it continues to block a final accord at the Conference on Security and Cooperation in Europe.

Edward Kilham, acting chief of the U.S. delegation, said: "There is rising sentiment in that direction." East and West have taken nearly three years to put together a final document on human rights, security and other matters.

Malta has stalled agreement on the document for 10 days by exploiting the rule of consensus that has governed all European security conference gatherings since the Helsinki conference.

The Maltese are holding out, in defiance of Western countries and the Soviet Union, for a follow-up conference on Mediterranean security involving all countries of the area.

If their filibuster continues up to the scheduled Sept. 7-9 closing con-

ference to be attended by foreign ministers, the remaining 34 nations involved could think of adopting the document without Malta, Mr. Kilham said.

He said, however, that the U.S. is opposed in principle to a consensus of only 34 nations. Such a move would create a potentially dangerous precedent for the conference and is likely to be a last resort.

The Maltese delegate, Evarist Saliba, said Monday he saw "absolutely nothing" that led him to believe there was a way out of the impasse.

He said he was aware of the possibility of an agreement without Malta, but said there would be strong resistance from smaller countries.

"There is nothing to prevent the 34 from adopting the document. But it would not be the CSCE any longer. They would have to call it CSCE two," he said.

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INTERNATIONAL Herald Tribune

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A Plea for Restraint

There is a widespread sense that the crisis in Central America is intensifying. Actually, two different things are happening. The war is deepening and spreading, and the threat of a wider war is growing. As a result, however, the search for peace is getting more serious too. Those who would steer the process to a good end need to take account of both currents.

A large group in Congress is appalled to see President Reagan expanding the Pentagon and CIA roles, and wants to cut military aid to El Salvador and halt support of the counter-Sandinista insurgency in Nicaragua. The group feels frustrated but, partly in response to it, Mr. Reagan has expanded his diplomacy, dispatching Richard B. Stone to make contact with the Salvadorean left, and opening up tentatively to the peace efforts of the Latin Contadora group.

Nor is the effect of the Reagan approach limited to the stirring of congressional opposition, which in turn stirs official interest in negotiation. The Sandinistas have now endorsed the American call for regional rather than state-to-state negotiations. One important agenda point they propose would require them as well as Washington to stop sending arms to El Salvador.

It is tempting to take up items one by one and strictly in their own terms, outside the larger context in which they rest. If we were dealing that way with CIA sponsorship of armed intervention in Nicaragua, we would promptly end it. We think now, however, that the record shows that the intervention has helped produce Managua's apparent shift on

negotiations. The question that has to be tackled is how to end the intervention in a way that promotes talks.

The trouble with Congress's easing the pressure on Ronald Reagan, however, is that he may feel free to go his own way. Here is his true flaw: He has failed to show reasonable people, in the United States and abroad, that he is content to pursue reasonable goals. Therefore they hesitate to trust him, even when they support much of what he is trying to do.

He reiterated recently that for him to let up on the Sandinistas, they must not only leave their neighbors alone but also broaden the regime. Respect for neighbors is necessary and reasonable. Broadening the regime is desirable but unreasonable as a condition for ending military intervention. Where else is the United States sponsoring an invasion for that end? None of the Latin nations whose help is essential to him, including the Contadora four, will follow him down that path.

The four — Mexico, Venezuela, Colombia and Panama — are a wise president's dream team: friendly Latins, democrats or heading that way, acting to help for their own urgent reasons. Able to bring to bear only persuasion and consultation, however, they can do nothing that the local parties and the United States do not permit them to do. Much in Managua's new statement is unacceptable, but a hint of an opening is there. For the United States to take advantage of it, the president must show clarity in ends and restraint in means in a measure that has eluded him so far.

— THE WASHINGTON POST.

IMF Bill in Trouble

A bill to strengthen the International Monetary Fund was supposed to come to a vote last week in the House. But at the last minute Speaker Thomas O'Neill pulled it back, for the very good reason that there were not nearly enough votes to pass it. The leaders of both parties support it. The opposition is a highly diverse mixture of old isolationists, new leftists, people who believe (wrongly) that the IMF is a front for the banks, and people who are trying to extract other concessions from the administration. At the moment, that opposition is the majority.

The tradition of voting against anything that looks like international cooperation is deeply embedded in part of the Republican Party in the House, and that is the central threat to this bill. Mr. O'Neill has warned the administration that the Democrats are not in a mood to exert themselves to pass it for Mr. Reagan over the opposition of his own party. The test for Mr. Reagan this time is not whether he can carry enough Democrats with him, but enough Republicans.

Why vote for this bill? The IMF is an international agency that borrows from its member governments and lends the money back to those that are in trouble. The present bill would increase by \$3.4 billion the amount the United States can lend to the fund. Each of those dollars would be matched by about \$4 in other currencies from other countries. The IMF generally lends in packages requiring commercial banks to increase their own loans. As an IMF official once said, it does not bail out commercial banks, it bails them in.

If the United States does not support this

kind of international cooperation, it runs a very high risk that the next time there is a crisis like Mexico's near-collapse last August, it will have to come to the rescue entirely with its own money. Which is preferable, contributing one-fifth of the rescue money or all of it?

Without a vigorous and continuous effort to strengthen the world's monetary system, the chance of default approaches 100 percent. A default by any of the larger Latin American debtor nations would have two immediate effects in the United States. It would shut off an important market for U.S. exports and, by shaking American banks, it would push interest rates higher than ever. If frightened banks then began refusing any more foreign loans, as some of the smaller ones already have, trade would spiral downward. The last time that happened was in 1929-33, when America's unemployment rate rose to 25 percent.

The world's structure of trade and finance is immensely productive, but it is not stable. It does not balance itself. It has to be managed. An essential part of that job of management now falls to the IMF, which needs larger resources to ensure that it can meet its responsibilities in the tricky passage ahead.

No country has a greater interest in its success than the United States, the world's leading trader. Mr. Reagan is absolutely right to want the IMF bill passed. The question is how badly he wants it. To get it, he and the people around him in the White House are going to have to work a great deal harder among the congressmen of their own party than they have done so far.

— THE WASHINGTON POST.

Other Opinion

The Choice of Kissinger

The quickening tempo of U.S. policy toward Central America raises the alarming question: Does the Reagan administration's view that vital U.S. interests are threatened by the alleged spread of communism in Central America mean that the path is being paved to another Vietnam? Henry Kissinger's appointment as head of a bipartisan commission on Central America is a potentially significant new development. It would be difficult to question his intelligence or his realism. It is those qualities that are needed now, and if he can supply them, the American people and its friends and allies will have cause to be grateful.

— The Sunday Times (London).

When dealing with Job, God showed a lively interest in how much a fellow could take. Henry Kissinger, whose reawakened critics box the ideological compass, probably identifies with him (with Job, not God — not yet...). But Mr. Kissinger's liberal critics are mistaken about the world; and his conservative critics are mistaken about domestic realities. His liberal critics believe foreign policy should be the New Deal carried on by other means — that economic reform can tranquilize political conflicts. His conservative critics believe Americans would have supported more strenuous

foreign and defense policies between 1969 and 1976. But Mr. Kissinger, too, was mistaken.

Critics on the left and right join in charging that pessimism or cynicism or some other un-American trait caused him to distrust the American public, and hence to pursue defeatist policies with devious methods. Actually, he trusted too much in the public's readiness to maintain the sinews of national strength amidst the atmospheres of détente. Détente can never be a way of managing superpower competition if it diminishes the public belief that competition is necessary or serious.

Professor Kissinger has remained a teacher, attempting to make Americans comfortable with a European idea, the "balance of power." But Americans have never liked the language of power in diplomacy, preferring the language of ideals, such as human rights.

Mr. Kissinger now returns to the game of nations in the role of relief pitcher. Such pitchers often are summoned late in the game when the going is rough. But the analogy is limited. A relief pitcher can be credited with a "save." No commission will save Central America. At most it can dampen the public's anxieties enough to enable the administration to act on this fact: A war is raging and one side or the other will prevail, on the ground.

— George F. Will, The Washington Post.



'Dr. Volcker wants you to slow down. Dr. Volcker says he wants your recovery to be permanent.'

A Summit, Yes, but When? and On What?

By Flora Lewis

BONN — The question of a Soviet-American summit is pressing. Chancellor Helmut Kohl of West Germany, who talked recently with the Soviet leader, Yuri Andropov, and with President Reagan, is convinced both now and then.

The problem is timing and subject. Mr. Kohl came back from his trip to Moscow with the clear impression that the Russians will not accept a meeting that appears to be involved with the U.S. election campaign.

That sets the first primary next year as the final deadline for 1984.

Mr. Reagan is aware of this, but it does not seem to be his ideal date. From the Republican viewpoint, the closer to the conventions, the better.

From the West German point of view, obviously the sooner a summit could be held, the better. The mere fact of a meeting, providing it does not go sour, would take some steam out of what everybody here is predicting will be a "hot autumn."

The Jewish Ghetto are planning huge demonstrations against deployment of American Pershing-2 missiles, scheduled for December. The opposition Social Democrats have a party congress set for November where they are expected to turn back the commitment of their former chancellor, Helmut Schmidt, and reject the missiles.

Bonn is preparing a stern new law that would make all demonstrators liable to prosecution if they are on the scene when violence develops, even if they do not take part.

That reversal of the basic legal presumption of "innocent until proven guilty" is itself stirring opposition on the whole issue among people who are in no way anti-American, anti-defense, or even anti-missile.

More than ever, the Germans are sensitive to their position on the Western front line facing the East. Mr. Kohl and his coalition partner, Foreign Minister Hans-Dietrich Genscher, are doing all they can to send the message East and West that their government will not be intimidated and will stick by NATO's decision to deploy missiles if no negotiated settlement emerges.

But they are hoping desperately for some kind of Soviet-American accord that will let them even partially off the hook. They do not seem to be pressing for any particular terms. They would probably be pleased with anything Moscow and Washington find mutually acceptable. But they are pressing for a demonstration that Mr. Reagan and Mr. Andropov can talk to each other.

That brings the focus back to personalities. Mr. Kohl thinks the two men would get along well in human

terms. He was impressed with Mr. Andropov's grasp not only of immediate issues but also of history and European culture. He found the Soviet leader intelligent and alert despite his evident poor health.

Recent, well-informed American visitors to Moscow came away with an ironic impression about the hurdles to overcome in arranging a Reagan-Andropov encounter.

The Russians seem to worry about comparisons that might be made between the vigorous, telegraphic American leader and the fragile, dour Russian for fear the world public would take them as a symbolic reflection of the two societies. The White House is concerned about intellectual comparisons if there have to be actual negotiations or unprogrammed conversations.

But there is no sign of an accord so far, despite Mr. Andropov's assurance to Mr. Kohl that Moscow has "reserves of flexibility."

The dominant view in the U.S. administration is that the Russians will not budge on key issues until at least the first set of American missiles is in place. If they are right, that would cut the possible summit timing so short that the chance could be lost, with bad results for the West and for Mr. Reagan personally.

But there are other important subjects that could lead the agenda and produce progress, if not a sealed agreement. One is to negotiate a ban on anti-satellite weapons.

The Russians are anxious about this. The United States would lose nothing important by offering a moratorium on space tests while talks get going. And the world, including the uneasy West Germans, would gain.

The New York Times.

Fault Line Through the White House

By Stephen Rosenfeld

WASHINGTON — It is becoming possible and necessary to ask whether President Reagan, so long regarded as the scourge of arms control, may not get an agreement with the Soviet Union next year.

For a while this prospect represented not much more than a White House hope to exploit some perceived international and political gains. But now words of movement are reported on secondary negotiating fronts, and on the central front — the START talks on reducing strategic arms — both sides have made some intriguing moves.

The president, moreover, has improved the machinery to follow and anticipate developments at Geneva. Last week he created a senior task force chaired in the White House, with a status above the old Pentagon-led interagency groups.

The talks on medium-range missiles in Europe appear to be stuck. Moscow refuses to ease off its ill-considered decision to deploy SS-20s, at least not on any reasonable terms. Absent any success in negotiations, NATO integrity requires a new American deployment of missiles; this inflicts a cost both on the allies and on the Russians, but not so great a cost as inaction would inflict.

Here it takes a certain nerve to ask Ronald Reagan to demonstrate statesmanship, since Moscow provoked the European crisis and since it would benefit if statesmanship were applied. But the West would benefit, too, so statesmanship is in order.

It comes down to whether Mr. Reagan will warm up to some mutually acceptable version of the "walk in the woods" formula, the negotiators' aborted effort of last year to give the United States equality in Europe while sparing the Soviet Union the particular threat of the Pershing-2 missiles.

The Russians scream that the Pershing-2s give the United States a threat measured only in minutes against Moscow targets. Sometimes their propaganda is convincing. But remember that U.S. Pershing-2s are no faster than Soviet SS-20s; the U.S. missiles can reach Moscow in the same time that some submarine-based Soviet missiles can reach Washington. Still, prudence dictates giving Moscow the benefit of this doubt. The principal reason is to sweeten the chances of the START negotiation, the more important set of talks.

On START, the administration has not sorted itself out. Some officials believe Moscow may choose to cut its European losses, once Pershing-2s and cruise missile deployment starts at the end of the year, by pursuing an agreement in START; the pragmatic approach, these officials say, is to make the deal. Others believe in remaining tougher, some because this is their idea of how to bargain with the Russians and others because they distrust arms control viscerally, almost on principle.

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How Shultz Can Help in The Mideast

By Joseph Kraft

WASHINGTON — All the leading actors in the current Middle East drama have overplayed their roles. Menachem Begin of Israel, Amin Gemayel of Lebanon and Hafez al-Assad of Syria must now figure out safe lanes of partial retreat.

In the process they probably will want a hand from the United States. So the recent trip to the Arab by Secretary of State George Shultz, far from being a total loss as widely asserted, makes it easier for the United States to manage the redeployment in ways that minimize danger.

Prime Minister Begin labors under a double burden. While the invasion of Lebanon routed the Palestine Liberation Organization, Israeli forces are now extended way beyond the territory necessary to guarantee security on the northern border. In some of the areas they now police, Israeli soldiers are taking heavy casualties inflicted as a side effect of fighting among Lebanese factions; a partial redeployment makes sense.

A late-life personal crisis may affect Mr. Begin's management of the pullback. Ever since his wife died last year, he has been withdrawn and depressed, and has lost some of his fighting vigor.

He knew the Reagan administration would give him a hard time about a troop redeployment that is not part of a withdrawal of all forces from Lebanon. So he canceled his scheduled visit to Washington.

But Mr. Begin will come to Washington after the redeployment is completed. At that time the personal trust established by Mr. Shultz on his recent visit will prove useful in nudging Mr. Begin to further withdrawals.

President Gemayel's need to retreat comes sharply into view once the Israeli redeployment is considered. Among other places, the Israelis will abandon the Chuf, a small, mountainous enclave easily visible from Mr. Gemayel's palace in the hills outside Beirut. The Chuf is the scene of unending fights between the Muslim sect, the Druze, and the Christian militia, which backs Mr. Gemayel.

Ideally, the Israelis should turn over their policing roles to the Lebanese Army. But the Lebanese government forces are generally suspected of being pro-Christian and anti-Muslim. They would be massacred if they moved into the Chuf. The only safe way they could go in is through an arrangement between Mr. Gemayel and the Druze leaders.

To make that deal, Mr. Gemayel will have to make big concessions to Druze autonomy. The United States, thanks to the almost avuncular relations Mr. Shultz has established with Mr. Gemayel, will be in a position to smooth the way.

As to Mr. Assad, the Syrian leader now rides high. He has 40,000 troops occupying parts of Lebanon. He receives important military assistance from the Soviet Union, and generous financial subsidies from Saudi Arabia. He has assumed control of part of the PLO, and has put its chairman, Yasser Arafat, on the defensive. He has refused to budge his troops from Lebanon until after a complete Israeli withdrawal.

But while Mr. Assad may look like a hero to the Arab world, he is, in Secretary Shultz's words, "way over his head." He represents a minority Muslim sect, the Alawites, who are deeply resented by the Sunni Muslims who are dominant in Syria. His army is resolute, and could cause trouble if pulled back to Damascus. Going deeper into Lebanon increases his dependence on the Soviet Union, and exposes him to hammer blows from Israeli troops stationed only 25 miles from Damascus.

If Mr. Gemayel can expand the authority of his government, he can press harder for Syrian withdrawal, and probably would be supported by the conservative Arab states. Mr. Assad then would need a friend to help him retreat. Mr. Shultz's visit left the American door open.

None of this makes Mr. Shultz the perfect foreign minister. But the Middle East does not lend itself to clean-cut solutions or big breakthroughs. What is required is something of which Mr. Shultz is a past master — damage control.

Los Angeles Times Syndicate.

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service pump then try to find a way to open the locked gas-tank cap. The ensuing bookend is a line from an old joke by walking to the first of the bankers, saying: "I do your banking, if you'll fill up my tank." It works wonders.

FREDERICK SANDS, Geneva.

News Balance

Your newspaper devotes so much attention to the Arab-Israeli conflict that one gets an unbalanced view of the world's news.

Hardly a day passes without mention of Israel's settlement policy on the West Bank, while only once can I recall your reporting that Vietnam has settled hundreds of thousands of Vietnamese in occupied Cambodia. There are only 25,000 Israelis living on the West Bank out of an estimated 800,000 inhabitants.

M. SCOTT GORDON, Grand, Switzerland.

Patience, Please

Regarding "Not at Your Service" (H/T, July 15):

Mr. Baker's column on the menace of self-service gasoline stations deserves international acclaim. As a frequent user of rented cars of different makes, I unthinkingly invoke the fury of others when I pull up to a self-

FROM OUR JULY 26 PAGES, 75 AND 50 YEARS AGO

1908: It's Tuesday...

BRUSSELS — This morning the 38 American girls, comprising the Mississippi Valley and Indiana parties, who are touring Europe under the auspices of a newspaper syndicate, descended upon Belgium. The girls established a new Olympic record at the Antwerp Art Gallery, doing the 800-meter dash through the various rooms in 25 minutes. They also "did" the cathedral, the Church of St. Paul, the Hotel de Ville and the boulevards before déjeuner. "Pshaw! that isn't any record," one girl said modestly. "Why, yesterday afternoon I bought 75 postal cards, 5 pairs of gloves, took another run through Westminster Abbey, visited the warworks and went through the Exposition, and then got to the hotel in time for dinner."

1933: Roosevelt Launches NRA

WASHINGTON — In a heart-to-heart talk with the people of the nation, President (Franklin) Roosevelt, by means of the radio, launched the National Recovery Administration's program under which employers are asked to agree to a minimum wage and to restrict working hours to raise the nation's purchasing power and put six million idle people to work. "We cannot attain prosperity with a nation half boom and half broke," the president said. "If all the people have work, fair wages and fair profits, they can buy the products of their neighbors and business is good." He added, "We are not going through another winter like the last. We cannot ask Americans to face such needless hardships."

WASHINGTON — It seems impossible that it happened so long ago, but there is no denying the calendar.

It was a muggy July morning 30 years ago when a convoy of reporters left Munsan press camp for Panmunjom to witness the signing of the armistice that ended the Korean War. We had thought the day would never come.

The seemingly interminable truce talks had lasted 2 years and 17 days and included 575 separate sessions, most of which were held in a GI wall tent in view of the battlefield.

As a 25-year-old air force staff sergeant and reporter for the army newspaper Pacific Stars & Stripes, I moved into Munsan press camp in the late spring of 1953 for what appeared, at last, to be the beginning of the end. Munsan was a dozen or so miles south of Panmunjom, just across the Imjin River. Each day we boarded an army bus that took us from our tent encampment to the site of the truce talks, a demilitarized island virtually in the middle of the front lines.

There, under the gaze of American military police and armed North Korean soldiers, we would wait impatiently while the negotiators argued. And argue they did, often bitterly.

Occasionally we would hear gunfire as the war went on around us. Once in a while we were treated to the sight of dive-bombing U.S. fighters. Seldom did the official spokesmen have much to tell us, but there were always plenty of rumors.

In June the truce delegates cleared a year-old obstacle and signed an agreement on how to repatriate prisoners of war. Then more encouragement: The North Koreans and Chinese started constructing the frame

building — we named it the Peace Pagoda — for the actual signing of the armistice. Communist soldiers did the landscaping, three men to a shovel, two of them hauling on ropes attached to the blade, slicing dirt 15 yards or more.

The only sign of mechanization was a bulldozer that still bore the markings of the U.S. 1st Marine Division, from which it had been captured. It was troubled by a faulty carburetor that frequently caught fire. Three or four soldier-laborers would run to the dozer and beat out the flames with their caps, embarrassed in the presence of grinning American reporters.

The progress of construction roughly paralleled the progress of the truce talks. When negotiations sputtered or stopped, so did construction. Virtually every driven nail was dutifully reported by newsmen with little else to write about. We marveled at the primitive craftsmanship. We laughed at the wooden urinals in the men's room. The "other side" tried to decorate the eaves with three six-foot wooden peace doves — communist propaganda doves. The United Nations side protested and won out; down came the doves.

By the time Washington persuaded a recalcitrant Seoul government to go along with the truce talks, the structure was ready for the big day — Monday, July 27, 1953. Korean time; Sunday, July 26, U.S. time.

The UN press convoy arrived at about 9 A.M. Jeeps and GI buses carrying the press camp regulars and a host of newcomers fresh off the plane from Tokyo. The former were tanned and dressed in faded khaki with blue-and-white UN correspon-

dents' patches; the latter were pale and looked uncomfortable in military clothes.

The communist press corps had been composed almost entirely of two men — Alan Winington of the London Daily Worker and Wilfred Burchett, an Australian who worked for the Paris daily L'Humanité.

Winington and Burchett lived with the communist negotiators at Kaesong, a few miles north of Panmunjom. They obviously functioned not as reporters but as part of the communist war effort. We considered them propagandists and regarded them with considerable contempt.

But on this July morning, Burchett and Winington were accompanied by a squad of reporters from Soviet satellite nations, strange-looking fellows with long hair and civilian clothes distinguished by their queer East European tailoring. With East German cameras dangling around their necks, they looked like tourists.

The UN delegation, led by Lieutenant General William K. Harrison, arrived in helicopters. Some of them smiled as they passed the gauntlet of cameramen.

The communist delegation, led by Lieutenant General Nam Il of North Korea, arrived in black Soviet-made jeeps, braking to a stop in a cloud of dust. The Chinese wore olive drab uniforms — General Nam no doubt sheltering in his high-necked tunic, riding boots and red-trimmed blue breeches. No smiles from this crew as they filed in.

In Peace Pagoda, the participants sat along one side of a long table, as if on a stage, and signed the documents as they were brought to them — six

copies each in English, Korean and Chinese. It didn't take long — from 10:01 to 10:11 — and all was done. And almost nothing was said, which was good because it was hot.

Later that afternoon, General Mark W. Clark, supreme commander of UN forces in Korea, signed the armistice at Munsan Base Camp.

Kim Il Sung, the North Korean leader, and Peng Teh-huai, a Chinese general, also signed the documents that afternoon at Kaesong, but we didn't see that. No matter. The shooting would stop at 10 P.M.

United Press International.

LETTERS TO THE EDITOR

The Greens' Visit

I was appalled recently when Petra Kelly and her entourage of troublemakers were invited to the United States and given a visa after belligerently stating their reason for going — to protest!

I feel this is an insult to our armed forces in Europe, who will have to defend the missile bases here from these eccentric individuals. I will never cease to be amazed at the permissiveness of the United States in such situations.

BEVERLY SCHUHLE, Munich.

Patience, Please

Regarding "Not at Your Service" (H/T, July 15):

Mr. Baker's column on the menace of self-service gasoline stations deserves international acclaim. As a frequent user of rented cars of different makes, I unthinkingly invoke the fury of others when I pull up to a self-

هَذَا مِثْلُ

How Shale
Can Help
The Mideast



Jean Mongeard, president of the Vosne-Romanée winegrowers' union, assessing the damage to the Vosne-Romanée vineyard after Sunday's hailstorm in Burgundy.

Hail in Burgundy Wipes Out Part of Wine Crop

PARIS — A brief but violent hailstorm destroyed up to 95 percent of this year's harvest in several leading French vineyards in Burgundy and Alsace, winegrowers said Monday.

For three minutes on Sunday, hail the size of large marbles pelted the rich Burgundy region south of Nuits-St-Georges, ravaging vineyards that normally produce some of the most select and expensive red wines in the world.

Burgundy winegrowers estimated that they would lose 16 million bottles of wine because of

the storm at a cost of 100 million francs (\$13 million). The hail virtually wiped out this year's crop of Romanée-Conti, a red Burgundy that is grown on only two hectares (five acres) of land and yields only 6,000 bottles in a good year.

At nearby Clos Vougeot, the storm hit 75 percent to 80 percent of the vines, destroying what had promised to be an exceptional vintage after this year's heavy spring rain and hot summer sun.

In Alsace, where hail hit 1,000 hectares of vineyards producing Riesling and Gewürztraminer, winegrowers said the losses would include the fine wines produced in the region south of Colmar.

Namibian Constitution Planned by South Africa Is Seen as a Delay Tactic

By Allister Sparks
Washington Post Service

JOHANNESBURG — South Africa has created a controversy by proclaiming a unilateral plan for drafting an interim constitution in the disputed territory of South-West Africa, but senior Pretoria officials deny that the proposal is designed to delay a settlement.

Some observers who are critical of the South African government see the action as evidence that Pretoria might try to put off a political settlement in the territory, also known as Namibia, if the United States achieves a pullout of Cuban troops from Angola.

The presence of Cuban forces in Angola, which borders Namibia, has been regarded as the last remaining obstacle in reaching an agreement under which South Africa would surrender control of the territory.

In interviews last week, senior South African officials insisted that the plans do not cut across the efforts of a group of Western nations, led by the United States, to arrange a settlement. The United States appears to be treating the latest South African move as a non-event.

South Africa has been under international pressure, including several United Nations Security Council resolutions, to give up its mandate for rule, which was originally conveyed by the League of Nations.

The government officials said that there is no thought of trying to draft a constitution for independence, but merely an interim document for administering Namibia more effectively until it becomes independent.

The proclamation about the constitution was issued last Monday by Willem van Niekerk, South Africa's administrator-general in Namibia. It empowers him to name 50 members from the territory's 40-odd political parties to a state council.

The council is to draw up proposals for an interim constitution, which will be put to a referendum in Namibia. There is, however, no commitment to implement the constitution if the voters endorse it.

"It is a pointless exercise if you are expecting a settlement and makes sense only if you are not," said John Kirkpatrick, a Windhoek politician who has been involved in negotiations from the outset.

Kenneth Abrahams, editor of the Namibian Review and also a politician, thinks the South African government wants the settlement delayed to give it time to recover from the deep divisions among Afrikaners resulting from Prime Minister Pieter W. Botha's domestic reforms.

If, as is likely, the South-West Africa People's Organization, called SWAPO, were to win a pre-independence election, it would be damaging for Mr. Botha. The organization has been waging a guerrilla war to wrest Namibia from South African control.

At the moment, the United States supports South Africa's insistence that Cuban troops must be withdrawn from Angola first. But without that support, some critics think Mr. Botha will search for other delaying tactics.

Mr. Botha, who dissolved Namibia's national assembly last January after it failed to become strong enough to take on SWAPO, now faces the problem of how to keep the parties active and alive during such a delay.

In the meantime, Mr. Abrahams believes, the proposal for a state council "is to give them something to do so that they don't atrophy to the point where they cannot oppose SWAPO if ever unsupervised elections are held."

Other political analysts see in the proposal a possible shift by South Africa toward more aggressive strategies, but Pretoria officials, in interviews, maintain that the decision to set up the state council is a purely internal matter to meet internal needs.

"It is in all sincerity not an alternative to an international settlement," said Mr. van Niekerk's chief aide, Sean Cleary, from Windhoek. "It is a constructive use of the time while we await developments."

Mr. Cleary said forming a state council would give Namibia's political leaders valuable experience in addressing the issues of a constitution for independence.

Another senior official contended that frustration caused by prolonged negotiations has brought the territory close to a political and administrative breakdown that requires urgent attention.

"Whatever the state of the negotiations, we have to do something to stop the place falling apart," he said.

Combative Marchais Challenging Mitterrand on Missile Deployment

By Michael Dobbs

PARIS — Georges Marchais is one of those naturally combative politicians who much prefer to disagree with a proposition than to agree with it.

He seems uncomfortable in the role that he has been obliged to play for two years: the responsible leader of a Communist Party seek-



Georges Marchais

ing to acquire a respectable image by serving as a junior partner in a Socialist-led coalition.

In recent weeks, Mr. Marchais has appeared to slide back naturally into his old role as the great irritant of French politics.

Taking the central political controversy of the year — the deployment of a new generation of nuclear missiles in Europe — he has gradually moved from a position of appearing to support President François Mitterrand to sharply disagreeing with him.

Yet he has managed to foster the impression that he is standing up to the Kremlin. During a visit to Moscow this month, Mr. Marchais made much of forcing the press agency Tass to retract an item reporting that he held "views identical" to those of Yuri V. Andropov, the Soviet leader.

"You know how intransigent I am," he boasted to French journalists.

Political commentators believe Mr. Marchais's principal aim has been to strengthen his grip on the Communist Party and rebuild the enthusiasm of rank-and-file activists disillusioned by the alliance with the Socialists.

The central fact to emerge from weeks of tortuous political maneuvering is that the French party now supports Soviet demands for the inclusion of French and British nuclear weapons in the Geneva talks on intermediate-range nuclear missiles.

Mr. Mitterrand's position, which is shared by the United States, is that French nuclear forces have no place in the Geneva talks.

His reasoning is that the French missiles constitute a strategic deterrent under independent command rather than an intermediate nuclear force comparable to the Soviet SS-20s or the Pershing-2 and cruise missiles that the United States plans to deploy in Europe beginning in December.

At first, Mr. Marchais seemed to accept this position, or at least he concealed his differences with Mr. Mitterrand in the interests of government unity. With the approach of the deadline for the deployment of the U.S. missiles, the Communist Party's position on de-

fense has gone through what French commentators describe as an evolution. It coincided with a series of statements by Mr. Mitterrand reaffirming France's commitment to the Atlantic alliance.

As a protest for his turnaround, Mr. Marchais seized on the statement signed by Mr. Mitterrand and other Western leaders in Williamsburg, Virginia, on May 29, that emphasized the "indivisible" nature of Western security.

Three days later, the Communist leader said that "after Williamsburg" France could no longer insist that it was not concerned with the negotiations in Geneva.

Driving his point home is a

speech last week, Mr. Marchais said: "One cannot say to the Americans, 'You can count on us,' and at the same time say to the Soviets, 'You don't have the right to count on us on one side or the other.'"

The closeness of the French Communist Party's new position on the missile issue to that of Moscow appears to have been deliberately disguised by well-publicized reports of differences between the two sides.

French specialists in Communist affairs echo the view of Michel Tatu, writing in Le Monde, who described the disagreements as largely artificial.

Mr. Marchais has emphasized his support for maintaining France's independent nuclear deterrent at its present level. But, as the communiqué that he signed with Mr. Andropov in Moscow made clear, the Soviet Union is not asking for a reduction in French forces. What it wants is to be allowed to offset them with its own SS-20s.

Mr. Mitterrand has responded to Mr. Marchais's challenge by taking every opportunity to repeat the official line. Questioned on the subject during a recent television interview, he said: "Everything concerning national independence and our territorial integrity will be decided neither in Moscow, nor in Washington, nor in Geneva, but in Paris and by myself."

The Communists, however, have made clear that they intend to continue to press the issue. The party plans more demonstrations in the fall as a follow-up to a rally attended by 50,000 to 100,000 people in Paris last month.

N.Y. Reassessing Free Shows in Park After Rampage at Diana Ross Concert

United Press International

NEW YORK — New York City's Parks Department is reviewing its policy of holding free concerts in Central Park because of a rampage by gangs of youths who robbed and assaulted concertgoers Friday after a concert by the singer, Diana Ross. About 350,000 people attended the concert.

The youths snatched gold chains from people as they left the concert and terrorized patrons of a park-side restaurant, Tavern on the Green. One person who resisted a robbery was stabbed and police shot his attacker.

"When bad things happen, as with the aftermath of the Diana Ross concert, we've got to take a long, close look," said Adrian Ben-cep, a department spokesman. "A couple of hundred individuals —

hard-core criminals — gave an otherwise joyful event a black eye."

One alternative may be to hold concerts with less well-known performers, which officials believe would mean smaller crowds that would be easier to control.

Pakistan Seizes 2 Missiles

The Associated Press

ISLAMABAD, Pakistan — Two surface-to-air SAM-7 missiles were seized Sunday in a raid on a private house in Lahore, 180 miles (288 kilometers) southeast of here, police reported Monday. The owner of the house was identified as Aftab Gul, a lawyer. Police said that his political affiliations, or the reason for possessing the missiles, were not immediately known.

Nigerian Parties Fight For Pivotal Kano State

Reuters

KANO, Nigeria — Nigeria's three major parties are locked in a contest for control of northern Nigeria's most populous area, which could determine the outcome of next month's presidential elections.

With a population of more than 10 million, roughly one-eighth of Nigeria's total, Kano state has the largest number of registered voters in the country.

Changing political allegiances within Kano, coupled with religious and tribal influences, are likely to alter previous voting patterns.

Although the elections for the governorship of Kano will not be held until Aug. 13, one week after the presidential elections, analysts say they believe the personal influence of the men campaigning for the governorship may play a role in swinging their followers behind those running for the presidency.

Much of the interest is focused on a split in the People's Redemption Party, which swept the board in presidential, National Assembly and state elections in 1979 and prevented the victorious presidential candidate, Shugu Shagari, from gaining a crucial 25 percent of the vote in Kano.

The party's ascetic Moslem founder, Malam Aminu Kano, is now dead.

The charismatic former governor of the state, Rabubakar Rimi, has fallen out with the party, resigned his post and is running for governor as candidate of the Nigerian People's Party, which in the past has drawn its support from the Christian Ibo of the east.

Mr. Rimi is widely popular and is counting on his record as the state's chief executive for nearly four years to carry his party into

power in Kano state and swing his followers behind the party's national candidate for the presidency, Nasir Ahmad Zikwi.

The People's Redemption Party, meanwhile, is fighting for survival and left without a credible leadership.

The party's candidate for governor of Kano, former Senator Selo Barkin Zuwo, is described by his critics as barely educated, while the party's presidential candidate, Hassan Yusuf, is virtually unknown.

President Shagari's National Party of Nigeria hopes to cut deeply into the vote of the People's Redemption Party.

The contest for votes in individual states takes on extra importance under Nigeria's system of presidential elections; a candidate must win not only a majority vote but also 25 percent of the votes in two-thirds of the federation's 19 states.

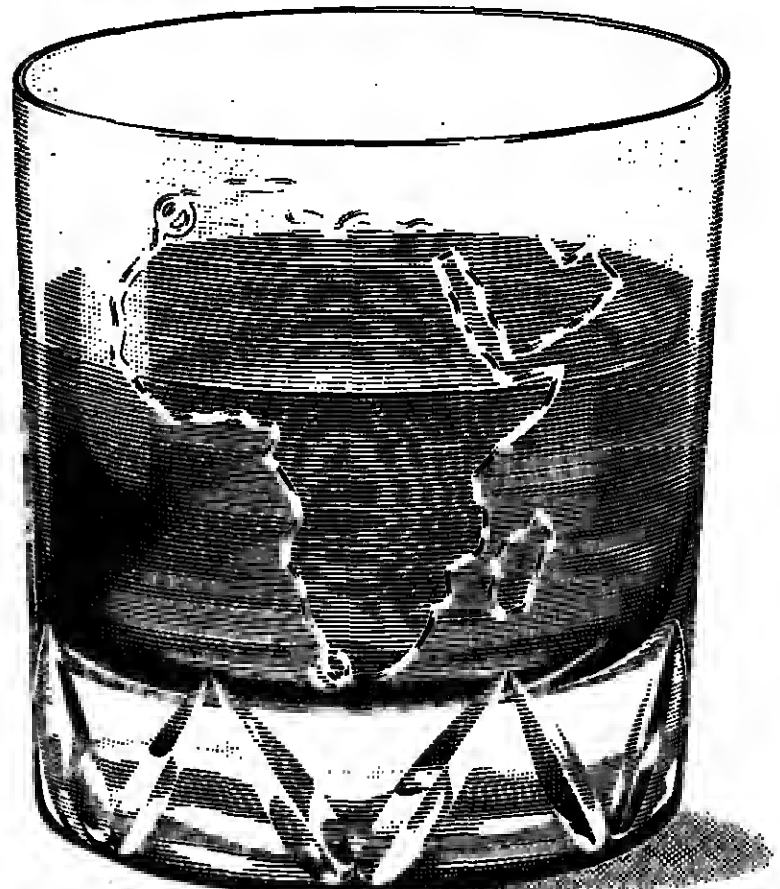
A fourth party, the Unity Party of Nigeria, is spending large sums of money trying to penetrate the predominantly Moslem north and promote its Christian candidate for the presidency, Obafemi Awolowo, who is expected to be Mr. Shagari's principal rival.

In 1979, Mr. Awolowo narrowly lost to Mr. Shagari, chiefly because he was not accepted in the north. But he does not appear to be making much of an impact in Kano.

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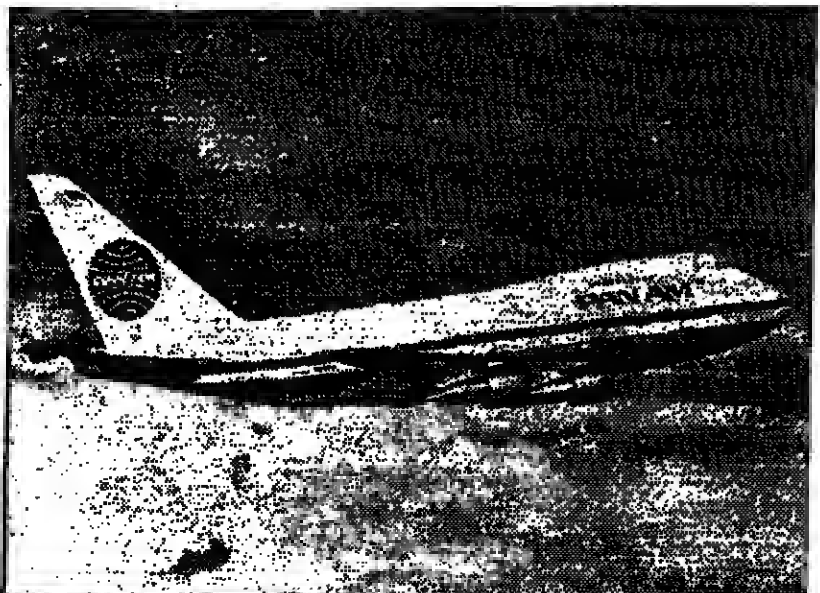
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TUESDAY, JULY 26, 1983

COMMODITIES

By BOB HAGERTY

Palladium's Strong Performance Is Stirring Speculators' Interests

LONDON — Palladium probably never will become the ideal investment for widows, orphans and Hong Kong taxi drivers, but it is generating increasing interest among speculators.

So far this year, palladium has strongly outperformed the other precious metals. Gold is down about 15 percent from its 1983 peak of \$309 an ounce. Silver and platinum have shown similar declines.

Palladium, by contrast, hit a 1983 high Monday, settling on the New York Mercantile Exchange at \$151.95 an ounce for delivery in September, the nearest actively traded month. That price is well below the peak of \$350 set in 1980 but far above last year's low of \$49.

"It seems to have a price movement of its own relative to, say, gold or silver," says Maureen Lynch, research director at the exchange. "I think that's sparking a lot of interest."

Leading analysts are guarded about prospects for further sharp gains this year. "I don't expect any fireworks from here," one London dealer says.

But analysts do not see much danger of a collapse either. J. Aron & Co., a New York-based division of Goldman Sachs and one of the few firms that tracks palladium closely, is quite bullish. Jeffrey Christian, an Aron analyst, says tighter supplies and new industrial uses leave room for further price increases this year.

At Bank Julius Baer in Zurich, John Fletcher says he would not be surprised to see palladium reach \$170 to \$200 this year, particularly if gold prices recover.

N.Y. Trading Has Surged

On the New York Mercantile Exchange, trading in palladium has surged in the past year — starting, of course, from a low base. Daily volume averaged 806 contracts in June, up from 423 in December and 190 in June 1982.

Hoping to attract some of that business, three London metals dealers plan to issue a 10-15 a.m. palladium quotation starting next Monday. That will be in addition to the 4:15 p.m. quote already made by Ayrton Metals, Samuel Montagu & Co. and Argos Metals.

The afternoon quote is "a bit overshadowed" by trading on the New York Mercantile Exchange, says Barry Salter, managing director of Argos. He says the morning quotation is likely to bring more palladium trading to London by encouraging suppliers to base their contracts on the London rather than the New York exchange price.

The next logical step, he says, is for London futures trading in platinum and palladium or for a formal forward-price quotation from London dealers.

Wherever the trading is done, the fundamentals for palladium look good.

In the early stages of an economic recovery, analysts normally expect silver, platinum and palladium to outperform gold. That is because gold prices are less related to industrial use and more bound up with fears about inflation.

The industrial picture for palladium is brightening. More producers of electronic equipment are saving money by substituting palladium for gold. In addition, palladium is becoming more common as a material used in catalytic converters, which help control auto exhaust.

The market for converters is expected to grow rapidly in Europe as more countries insist on the use of lead-free gasoline.

'Opens New Horizons'

That trend "opens new horizons" for industrial use of palladium, says Hans Winteler of Swiss Bank Corp. A boom in catalytic converters would boost sales of palladium as well as platinum. Both can be used in making the devices.

The supply situation for palladium also is improving.

The Soviet Union is the dominant producer, accounting for about 55 percent of supplies, which totaled 2.4 million ounces in 1982. Last year, the Russians began to hold back sales, apparently in an attempt to boost prices. As a result of that restraint and growing industrial demand, Aron's Mr. Christian estimates that the surplus of supply over industrial demand will shrink to 30,000 ounces this year from 80,000 in 1982. It is possible, he says, that the surplus will disappear altogether this year.

The platinum surplus is also shrinking but remains far bigger. As palladium prices mount, of course, chances grow that industry will find ways to substitute cheaper metals. Mr. Salter of Argos believes the Russians are aware of the danger and want to hold the price down to around \$145 for now.

Another concern for investors is that the unpredictable Russians dominate the market. Should the Soviet Union need cash quickly, it could swamp the market. Most of the rest of the supply comes from a couple of mines in South Africa.

In addition, the palladium market remains small — much smaller than that for platinum, which some investors consider too narrow for comfort. A narrow market can make for sharp price swings. "You don't need much capital to move the market," notes Mr. Fletcher of Bank Julius Baer.

International Herald Tribune

CURRENCY RATES

Interbank exchange rates for July 25, excluding bank service charges

	U.S.	Sw.	Fr.	DM.	Y.	£	Sc.	DK.	N.
Amsterdam	2.32	4.24	11.75	37.22	1.93	1.93	5.98	13.49	31.85
Bombay	2.32	72.75	19.95	4.44	3.27	17.83	—	22.25	3.65
Frankfurt	2.32	4.24	11.75	37.22	1.93	1.93	5.98	13.49	31.85
London (C)	1.00	—	—	—	—	—	—	—	—
London (D)	1.00	—	—	—	—	—	—	—	—
Madrid	1.64	34.80	91.20	19.73	—	—	—	—	—
New York	1.00	—	—	—	—	—	—	—	—
Paris	7.46	11.75	37.22	1.93	—	—	—	—	—
Stockholm	1.00	—	—	—	—	—	—	—	—
Zurich	2.32	4.24	11.75	37.22	1.93	1.93	5.98	13.49	31.85
YEN	0.0072	0.0072	0.0072	0.0072	0.0072	0.0072	0.0072	0.0072	0.0072
100	1.00	—	—	—	—	—	—	—	—

Dollar Values

	U.S.	Sw.	Fr.	DM.	Y.	£	Sc.	DK.	N.
Swiss	0.53	—	—	—	—	—	—	—	—
Australian	1.27	—	—	—	—	—	—	—	—
Belgian	0.37	—	—	—	—	—	—	—	—
Canadian	0.72	—	—	—	—	—	—	—	—
Dutch	0.37	—	—	—	—	—	—	—	—
French	0.15	—	—	—	—	—	—	—	—
German	0.48	—	—	—	—	—	—	—	—
Italian	0.37	—	—	—	—	—	—	—	—
Japanese	0.0072	—	—	—	—	—	—	—	—
Spanish	0.16	—	—	—	—	—	—	—	—
Swedish	0.13	—	—	—	—	—	—	—	—
Swiss	0.53	—	—	—	—	—	—	—	—
U.S.	1.00	—	—	—	—	—	—	—	—

INTEREST RATES

	U.S.	Sw.	Fr.	DM.	Y.	£	Sc.	DK.	N.
3M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
6M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1Y	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

	U.S.	Sw.	Fr.	DM.	Y.	£	Sc.	DK.	N.
3M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
6M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1Y	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

	U.S.	Sw.	Fr.	DM.	Y.	£	Sc.	DK.	N.
3M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
6M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1Y	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

	U.S.	Sw.	Fr.	DM.	Y.	£	Sc.	DK.	N.
3M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
6M	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
1Y	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00



Joe M. Henson, center, Prime Computer's chief executive, at the company's plant in Ponce, Puerto Rico.

Prime Computer in a Year of Reversals

New York Times Service

NATICK, Massachusetts — When Joe M. Henson left a 27-year career at International Business Machines Corp. to take the reins of Prime Computer Corp. 18 months ago, industry experts said he was a seasoned manager who would bring discipline to the company while helping it to maintain extraordinary growth.

Indeed, in Mr. Henson's first year as chief executive, Prime surged ahead. At a time when other makers of minicomputers — powerful refrigerator-sized machines used for complex office management and scientific tasks — were slowed by the recent recession, Prime seemed immune. In 1982 the company earned \$45 million on sales of \$436 million, a profit increase of about 19 percent from the previous year.

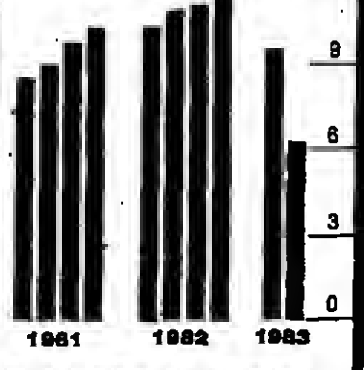
Now, for the first time in its 11-year history, Prime's fortunes have been reversed. And Wall Street's confidence in Mr. Henson, and the IBM executives he recruited for Prime, has been shaken.

That confidence is not likely to be restored by the quarterly results Prime announced Monday. The company reported second quarter net income of \$6.4 million, down 41 percent from \$10.9 million a year earlier. Net income for the six months was \$14.9 million, down 30.7 percent from \$21.5 million a year earlier.

Second quarter revenue rose 16 percent, to

Prime Computer's Declining Profits

Quarterly net income in millions of dollars



\$121.9 million from \$105.1 million a year earlier. Six-month revenue also rose 16 percent, to \$242.4 million from \$208.3 million.

Prime also said it expects to report third quarter earnings will drop from the year-earlier \$11.2 million, blaming high investments in research and development.

The lower profits are damning in themselves. But they have also served as a signal that financial controls and sales incentives have gone astray, according to analysts and even some company insiders.

To make matters worse, six top marketing executives left the company last week to join a start-up venture with Kenneth G. Fisher, Mr. Henson's predecessor and Prime's president through most of its glory years. And more defections seem likely by the end of the month.

The sudden reversals have surprised analysts. Earlier this year, Prime appeared well positioned against its main competitors, Digital Equipment Corp., Data General Corp., and Hewlett-Packard Co.

"Prime came out of the recession in the driver's seat," said Frederic H. Cohen, an analyst with L.F. Rothschild, Unterberg, Towbin. "They could have leveraged themselves quite well." The problem, he said, was "definitely one of management."

Company officials dispute that view, contending that Prime is in a major transition, expanding into new areas and trying to offer a range of office equipment rather than just the central computer.

The company is developing advanced software and computer-aided design and computer-aided manufacturing systems, known as CAD/CAM. And in December, Prime

(Continued on Page 9, Col. 3)

U.K. to Seek £500 Million in BP Offer

By Bob Hagerty

International Herald Tribune

LONDON — The British government, worried about a possible £500 million (£760 million) by selling some of its shares in British Petroleum.

Nigel Lawson, chancellor of the exchequer, said in Parliament Monday that the government intends to make the sale before next March 31, reducing its stake from the current 39 percent.

The planned sale is part of a broader retrenchment that Mr. Lawson announced July 7. The government plans to cut spending by £500 million and raise a like amount through sales of shares.

The plan was designed partly to assuage worries in the financial community about overspending by the government.

So far, the package has failed to impress the City, where many analysts still complain that government spending and money-supply growth are overshooting government targets and threatening to spur inflation. For instance, the

stockbrokerage of Wood, Mackenzie & Co. estimates that Britain's public sector borrowing requirement, a broad measure of the deficit in government spending at all levels, will total £9.5 billion in the year to March 31, up from the target of £8 billion.

Some analysts also say that Mr. Lawson made a mistake by tipping off the market that shares were coming. That announcement sent BP shares tumbling from around 425 pence to below 400 as the market concluded that the oil company was likely to be the government's choice.

A high-level government source acknowledged that a surprise sale would have raised more money for the treasury. But he argued that it is usually impossible to arrange such an operation without word leaking out.

London brokers were awaiting details of the planned offering. "I think we expect a positive reception," said Sue Graham, an analyst at Scott, Giff, Hancock & Co., who described the market for oil shares as stable though not "wildly bullish."

She said the government appears likely to sell around 125 million BP shares for about 360 to 365 pence apiece, after collecting the interim dividend for itself. Late Monday afternoon, BP shares were quoted at 390 pence, down 14 on the day.

Analysts expect BP profit to rebound this year after a sharp fall in 1982. John Thompson of Fielding, Newton & Smith forecast net income of £900 million on a replacement-cost accounting basis, up from £627 million last year.

NYSE Ekes Out Small Gain After Early Plunge

Compiled by Our Staff From Dispatches

NEW YORK — The New York Stock Exchange, overcoming an early plunge, registered a small gain Monday after the government had reduced its estimate of the fiscal 1984 budget deficit.

But trading was restrained by news that the Washington Public Power Supply System formally had defaulted on \$225-billion worth of bonds, the largest bond default in U.S. history.

The Dow Jones Industrial average, down eight points at the outset after having added 1.80 Friday, rose 1.70, to 1,232.87. It had been up more than five points in the final hour of trading. It had gained 38.86 overall last week.

Big Board volume totaled 73.7

million shares, up from the 68.8 million traded Friday but below the 88 million daily average of the 1983's first six months.

More than eight stocks rose in price for every seven that fell on the New York Stock Exchange. Early in the session, declines outpaced advances by better than 2 to 1.

Some late-afternoon buying was triggered when the Office of Management and Budget said the projected deficit for fiscal 1984 had been scaled down to \$179.7 billion from \$190.2 billion.

John McGullicuddy, manufacturer of Hammer Corp. chairman, said he thought that the prime lending rate could fall by year-end because loan demand was slow.

But traders, despite a bond mar-

Exxon Net Rose 26.6% in Quarter, Amoco's Up 11.5%

United Press International

NEW YORK — Exxon Corp. reported Monday that its second-quarter earnings rose 26.6 percent largely because of higher profit margins on the sale of U.S. petroleum products.

Analysts had predicted that major U.S. oil companies would show earnings gains in the April-June quarter from year-earlier results following the March decision by the Organization of Petroleum Exporting Countries to lower its benchmark oil price by \$5, to \$29 a barrel, in mid-March.

Standard Oil Co. (Indiana), ranked 6th in the U.S. oil industry, had an 11.5 percent rise in second-quarter profit. But the No. 14 company, Unocal Corp. (formerly Union Oil of California) suffered a 29.4 percent slump and Ashland Oil, 15th largest, a 46.3 percent decline. Amerasia Hess Corp., No. 16, scored an 11.6 percent gain.

In the second quarter, Exxon earned \$1.07 billion, or \$1.25 a share, up from \$849 million, or 98 cents a share, in the like quarter last year. Revenue dropped 8.9 percent, to \$22.9 billion from \$25.1 billion.

The sudden reversals have surprised analysts. Earlier this year, Prime appeared well positioned against its main competitors, Digital Equipment Corp., Data General Corp., and Hewlett-Packard Co.

"Prime came out of the recession in the driver's seat," said Frederic H. Cohen, an analyst with L.F. Rothschild, Unterberg, Towbin. "They could have leveraged themselves quite well." The problem, he said, was "definitely one of management."

Company officials dispute that view, contending that Prime is in a major transition, expanding into new areas and trying to offer a range of office equipment rather than just the central computer.

The company is developing advanced software and computer-aided design and computer-aided manufacturing systems, known as CAD/CAM. And in December, Prime

(Continued on Page 9, Col. 3)

Sears Net Jumped 88% in Quarter

United Press International

CHICAGO — Sears Roebuck & Co., the largest U.S. retailer, Monday reported that second-quarter earnings jumped 88 percent from a year earlier and net income for the first six months was double year-earlier levels.

Net income for the quarter was \$308.3 million, or 87 cents a share. That compared with \$163.7 million, or 47 cents a share, for the second quarter of 1982. Total revenue rose to \$8 billion from \$7.2 billion in the second quarter last year.

For the first six months, Sears reported net income of \$472.9 million, or \$1.34 a share. That was up from \$255.1 million, or 67 cents a share, last year. First-half revenue increased to \$14.9 billion, from \$13.6 billion.

Edward R. Telling, chairman and chief executive officer, said all Sears groups reported higher earnings. "Consumers are strongly leading the economy and this is being reflected in the results of our merchandise, insurance, real estate and financial-services groups," Mr. Telling said.

In the second quarter, Amerasia Hess earned \$68.2 million, or 81 cents a share, down from \$61.1 million, or 72 cents a share. Revenue rose to \$1.9 billion from \$1.7 billion.

Ashland's profit for its third fiscal quarter ended June 30 fell to \$37.1 million, or \$1.03 a share, from \$69.1 million, or \$2.12 a share, a year earlier. Revenue slipped to \$2.1 billion, from \$2.2 billion.

In the second quarter Amerasia Hess earned \$68.2 million, or 81 cents a share, down from \$61.1 million, or 72 cents a share. Revenue rose to \$1.9 billion from \$1.7 billion.

Natamco Co.'s second-quarter profits fell 14.4 percent to \$39.6 million, or 69 cents a share, from \$46.3 million, or 85 cents a share. Revenue advanced to \$42.5 million from \$40.5 million.

company late Friday night had reported a second-quarter loss of \$119.2 million.

Mattel, which projected a first-half pretax loss of \$100 million, dropped 1/2, to 9, in active trading. But Warner Communications rose 1/2, to 23 1/2. The stock lost 2 1/2 last week after the company had reported a second-quarter loss of \$283 million.

Merrill Lynch rose 1, to 49 1/2, after the financial-services giant had reported that its second-quarter earnings had soared to \$1.32 a share from 45 cents a year earlier.

Foqua Industries gained 3/4, to 38 1/2, after the company had reported that its second-quarter earnings had soared to \$2.02 a share from 57 cents a year earlier.

All of these securities having been sold, this announcement appears as a matter of record only.



1,000,000 Shares
BaronData Systems
Common Stock

Lehman Brothers Kuhn Loeb
Incorporated

Bear, Stearns & Co.

The First Boston Corporation

A. G. Becker Paribas
Incorporated

Alex. Brown & Sons

Dillon, Read & Co. Inc.

Drexel Burnham Lambert
Incorporated

Goldman, Sachs & Co.

Hambrecht & Quist
Incorporated

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.
Incorporated

Lazard Frères & Co.

Prudential-Bache
Securities

L. F. Rothschild, Unterberg, Towbin

Shearson/American Express Inc.

Smith Barney, Harris Upham & Co.
Incorporated

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

Rothschild Inc.

Banque de Paris et des Pays-Bas (Suisse) S.A. Banque Française du Commerce Extérieur

Compagnie de Banque et d'Investissements, CBI

Delbrück & Co.

Laurence Prust & Co.

J. Henry Schroder Wagg & Co. Limited

July, 1983

Banks in U.S. Are Preparing For Surge in Loan Demand

Tables include the nationwide prices up to the closing on Wall Street.

J.P. Morgan & Co., for example, because it has one of the highest capital ratios among the major banks, could increase its lending by about \$17 billion if it wanted, without having to raise additional capital. That is because at the

12 Month										51										Close										Change											
High	Low	Stock	Div.	Yld.	P/E	51	High	Low	Stock	Div.	Yld.	P/E	51	High	Low	Stock	Div.	Yld.	P/E	51	High	Low	Stock	Div.	Yld.	P/E	51	High	Low	Stock	Div.	Yld.	P/E	51	High	Low	Stock	Div.	Yld.	P/E	51
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167	167	16	0	10	10	10	167	167	16	0	10	10	10	167	167	16	0	10	10	10	167	167	16	0	10	10	10	167	167	16	0	10	10	10	167	167	16	0	10	10	10
168	168	17	0</																																						

Over-the-Counter

July 25

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Hong Kong Banks Cut Rates

HONG KONG — Hongkong & Shanghai Banking Corp. and Chartered Bank announced Monday that they are cutting their prime rates by 1 point, to 11.5 percent.

هكذا من الأحمال

COMPANY EARNINGS

Revenue and profit, in millions, are in local currencies unless otherwise indicated

Australia		Black & Decker		Hershey Foods		Seafirst	
Broken Hill	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Comco	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Japan	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
C. Roh	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Marubeni	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Matsumoto K.	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Nippon Steel	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Suzuki Motor	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
TDK	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
United States	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Allegheny Int'l	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Chubb	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Enersich	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Evans Products	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Minnesota Pwr	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Murphy Oil	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
National Can	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
East Wisconsin	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Frederick	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Gillette	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
Other Firms	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
FORBES PO BOX 9013	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
GUINNESS MAHON INTL FUND	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
ST. MANAGER INVEST UK LTD	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
INTERNATIONAL INCOME FUND	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
JARDINE FLEMING PO BOX 9013	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
MERCHANT BANK & TRUST CO. LTD	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
PARISIAN GROUP	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
ROYAL BANK OF CANADA	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2
SWISS BANK CORP	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2	1982 Revenue: 25.7 Profit: 1.2

U.S. Car Firms' Sales
Rose 38.3% in Mid-July

The Associated Press
DETROIT — U.S. automakers' new-car sales in mid-July jumped 38.3 percent from the depressed levels of a year earlier, the car companies said Monday.

The six major U.S. producers said they sold 206,875 cars in the July 11-20 period, or 22,986 a day, up from 152,938, or 16,617 a day, in the year-earlier period.

General Motors Corp. was up 45.6 percent, from 78,382, or 9,798 a day, to 128,390, or 14,266 a day.

Ford Motor Co. marked a 26.5 percent boost, from 30,686, or 3,836 a day, to 43,718, or 4,838 a day.

Chrysler Corp. reported 26,403 cars delivered in mid-July, or 2,934 a day, up 41.2 percent from 18,698, or 2,337 daily, a year earlier.

American Motors Corp. estimated 4,450 cars sold, or 494 a day, up 64.8 percent from 2,700, or 337 a day, a year earlier.

Volkswagen of America Inc. sold 2,098 cars, or 233 a day, down 15 percent from 2,472, or 309 a day, a year earlier.

Honda of America Manufacturing Co. reported 1,816 sales. Honda did not produce cars in this country at this time last year.

The percentage boosts are based upon daily sales rates because there was one more sales day in mid-July this year than last year.

So far this year, U.S. car sales have improved 15.8 percent from 1982 levels, or 3,677,365, up from 3,176,378.

Stiffer Controls
Announced for
Turkish Banks

ANKARA — Turkey has announced measures to tighten government control of its troubled banking system. The moves became effective over the weekend.

The new rules raise the minimum capital needed by a bank to one billion liras (about \$44.78 million) from 25 million liras. No bank will be allowed to lend more than 20 times its capital and loans to a single person or company cannot exceed 10 percent of total capital.

Permission to set up a new bank must be granted by the government, and the Finance Ministry can advise the government to merge banks if it deems their financial position weak. The measures establish a new deposit insurance fund and require official approval for bank loans of more than 100 million liras.

Bankers said Finance Minister Adnan Basar Kefauk, who took over a year ago after the crash of the country's biggest brokerage house, Banker Kestel, initially intended more radical changes, including the merger of small private banks, loosening the ties of bank holding companies with parent companies and imposing strict state control of the banks.

Summary Financial Statement
as of March 31, 1983

Assets		Liabilities	
(in thousands of Lux. Francs)			
Cash, Balances in Postal Cheque Account and with Central Banks	7,839,967	Preferred Creditors	32,247
Balances with Banks at sight (incl. for agreed periods up to one month)	81,792,493	Collection items payable to Banks	778
Collection items and other Assets realisable at short notice	646	- at sight and up to one month	158,011,798
Balances with Banks for agreed periods of more than one month	124,934,002	- for agreed periods of more than one month	189,339,256
Bills discounted	6,847,279	Current Accounts and Deposits	58,102,136
Other Advances	175,237,954	- up to one month	38,952,685
Securities	48,221,970	- for agreed periods exceeding one month	875,640
Miscellaneous	7,909,118	Debentures	370,460
Fiduciary Accounts	1,947,048	Sundry Creditors	9,966,979
Fixed Assets	5,885,771	Miscellaneous	1,947,048
		Subordinated Loan	2,469,000
		Capital and Reserves	11,505,000
		Provisions for Contingencies and Depreciation	8,468,794
		Balance brought forward	570,124
		Profit for the Financial Year	460,616,248
			460,616,248

Profit and Loss Account

Expenditure		Revenue	
Interest and Commissions	36,859,112	Interest and Commissions	37,340,564
General Expenses	979,862	Other Income	4,581,053
Provisions for Contingencies and Depreciation	3,722,035	Release of Provisions for Contingencies and Depreciation	239,839
Other Expenses	30,323		
Profit for the Financial Year	570,124		
	42,161,456		42,161,456

The itemized Balance Sheet and Profit and Loss Account will be published in the "Memorial-Receuil" of the Sociétés et Associations du Grand-Duché de Luxembourg. For your copy of the Annual Report in English, German and French please contact: Compagnie Luxembourgeoise de la Dresdner Bank AG — Dresdner Bank International — 26, rue du Marché-aux-Herbes, P.O. Box 355, L-2013 Luxembourg, Telephone 47 60 1, Telex 2558 DRINT LU (all departments), Telephone 42 81 6, Telex 2302 DRIFX LU (Eurocom/Foreign Exchange/Precious Metals/Securities); Cable: Bankcompagnie Luxembourg.

Zürich Branch: Färberstrasse 6 (Seehof), P.O. Box 64, CH-8034 Zurich, Telephone 2519 100, Telex 57 104 DRINT CH, Cable: Bankcompagnie Zurich.

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Compagnie Luxembourgeoise de la Dresdner Bank AG
Dresdner Bank International

Prime Computer Tries
To Reverse Fortunes

(Continued from Page 7)

purchased Compaq, a British company specializing in computer-aided designs for manufacturing plants and integrated circuits.

"It is hard for Wall Street to understand that we are beginning to build this company for the long term," said David J. Dunn, Prime's chairman, in an interview. "We were a company that was selling five years ago. We were willing to do anything to get a market position." But now that Prime's status is secure, he said, the company would not sacrifice its "structural integrity for the sake of one good quarter."

Mr. Dunn, 52 years old, is managing partner of Identa Partners Inc., the venture-capital firm that put up the seed money for Prime in 1972.

While he takes no role in the day-to-day operations of the company, Mr. Dunn is widely viewed as the officer most responsible for Prime's long-term strategy. He was at odds for some time with Mr. Fisher, who propelled Prime through the period during which its sales doubled annually and its staff rose to more than 7,000, from 300. By some accounts, Mr. Dunn forced Mr. Fisher's resignation two years ago.

Industry analysts are skeptical of Mr. Dunn's explanations of the reversals. In the past, they note, Prime had enjoyed a special niche. The company had specialized in "super-minis," powerful minicomputers that performed many of the tasks of the largest computers, known as mainframes, but at much lower cost.

Now Prime's competitors are also making more powerful minicomputers. And competition in its market may grow fiercer this fall, when IBM is expected to introduce a new super-minicomputer.

But analysts blame management decisions, not the fickle market, for most of Prime's problems. They particularly fault a move in January to alter the company's commission system from one that linked commissions to the profitability of the machines sold to one that simply counted the number of machines sold.

"It was no longer in the best interest of the salesman to push the products that were most profitable for the company," said Marc G. Shulman, a vice president of First Boston Corp., explaining Prime's sudden decline in profits. "Instead, they pushed the ones that were easier to sell, but those didn't happen to be the profitable ones."

Benjamin F. Badstreet, Prime's treasurer, said recently that the commission formula had been readjusted at the end of the first quarter. "We created incentives for salesmen to sell high-end systems," which are usually more profitable, he said, "and our product mix is no longer a problem."

But if this problem has been solved, analysts said that they are still disturbed that the company was unable to anticipate its poor performance in the past two quarters.

"They went right up to the bitter end, and then suddenly declared that they had found out something they did not know previously," said Ulrich Weil, an analyst at Morgan Stanley. "It happened twice, and it indicates a lack of control."

Company officials, however, attributed the surprises to the slowness of the general economic recovery. "We saw a lot of customer interest, people coming in to kick the tires," Mr. Badstreet said. But contrary to Prime's past expectations, firm orders did not materialize.

In fact, Mr. Dunn said, "The company is under much better control today than it was a year ago." Mr. Henson is said to be placing more emphasis on research and development. And a greater effort is being made to sell integrated systems that can be easily expanded with the purchase of additional Prime equipment.

Prime is placing many of its hopes on the 9950, a new super-minicomputer introduced this month. Analysts predicted that sales of the new computer will result in a modest earnings rise in the third quarter.

Questions remain, however, about the effect of the loss of several top marketing executives to Mr. Fisher's new venture, Encore Computer Corp.

"If the defections happened in isolation, they would not be very disturbing," Mr. Weil said. "But in the context of prior events this year they take on a different character."

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The Plessey Company plc

has sold a subsidiary

Plessey Canada Limited

to

TIE/communications Canada Limited

a Canadian affiliate of

TIE/communications, Inc.

The undersigned initiated this transaction, assisted in the negotiations leading to its conclusion, and acted as financial advisor to The Plessey Company plc.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

July 12, 1983

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

July 25

Oats High Low Close Chg.				U.S. Futures Prices				Oats High Low Settle Chg.			
Grains								Financial			
WHEAT											
Dec	5.60	5.50-5.52	5.52	+1/2							
Jan	5.50	5.40-5.42	5.42	+1/2							
Feb	5.40	5.30-5.32	5.32	+1/2							
Mar	5.30	5.20-5.22	5.22	+1/2							
Apr	5.20	5.10-5.12	5.12	+1/2							
May	5.10	5.00-5.02	5.02	+1/2							
Prev. day's close	5.02	4.92-4.94	4.94	+1/2							
Dec	5.02	4.92-4.94	4.94	+1/2							
Jan	4.92	4.82-4.84	4.84	+1/2							
Feb	4.82	4.72-4.74	4.74	+1/2							
Mar	4.72	4.62-4.64	4.64	+1/2							
Apr	4.62	4.52-4.54	4.54	+1/2							
May	4.52	4.42-4.44	4.44	+1/2							
Prev. day's close	4.44	4.34-4.36	4.36	+1/2							
Dec	4.44	4.34-4.36	4.36	+1/2							
Jan	4.34	4.24-4.26	4.26	+1/2							
Feb	4.24	4.14-4.16	4.16	+1/2							
Mar	4.14	4.04-4.06	4.06	+1/2							
Apr	4.04	3.94-3.96	3.96	+1/2							
May	3.94	3.84-3.86	3.86	+1/2							
Prev. day's close	3.86	3.76-3.78	3.78	+1/2							
Dec	3.86	3.76-3.78	3.78	+1/2							
Jan	3.76	3.66-3.68	3.68	+1/2							
Feb	3.66	3.56-3.58	3.58	+1/2							
Mar	3.56	3.46-3.48	3.48	+1/2							
Apr	3.46	3.36-3.38	3.38	+1/2							
May	3.36	3.26-3.28	3.28	+1/2							
Prev. day's close	3.28	3.18-3.20	3.20	+1/2							
Dec	3.28	3.18-3.20	3.20	+1/2							
Jan	3.18	3.08-3.10	3.10	+1/2							
Feb	3.08	2.98-3.00	3.00	+1/2							

Closing prices, July 25

[illegible]

Dividends July 25

Gold in U.S. dollars per metric ton				Commodity	Per	Apr	Mar	Feb	Jan
High		Low		USUAL					
SUGAR				Aracoma Inc.		20	24	24	25
Aug	128.00	127.00	126.75	126.50	127.00	127.25			
Sept	128.00	127.00	126.75	126.50	127.00	127.25			
Oct	128.00	127.00	126.75	126.50	127.00	127.25			
Nov	128.00	127.00	126.75	126.50	127.00	127.25			
Dec	128.00	127.00	126.75	126.50	127.00	127.25			
Jan	128.00	127.00	126.75	126.50	127.00	127.25			
Feb	128.00	127.00	126.75	126.50	127.00	127.25			
Mar	128.00	127.00	126.75	126.50	127.00	127.25			
Apr	128.00	127.00	126.75	126.50	127.00	127.25			
May	128.00	127.00	126.75	126.50	127.00	127.25			
Jun	128.00	127.00	126.75	126.50	127.00	127.25			
Jul	128.00	127.00	126.75	126.50	127.00	127.25			
Aug	128.00	127.00	126.75	126.50	127.00	127.25			
Sept	128.00	127.00	126.75	126.50	127.00	127.25			
Oct	128.00	127.00	126.75	126.50	127.00	127.25			
Nov	128.00	127.00	126.75	126.50	127.00	127.25			
Dec	128.00	127.00	126.75	126.50	127.00	127.25			
Jan	128.00	127.00	126.75	126.50	127.00	127.25			
Feb	128.00	127.00	126.75	126.50	127.00	127.25			
Mar	128.00	127.00	126.75	126.50	127.00	127.25			
Apr	128.00	127.00	126.75	126.50	127.00	127.25			
May	128.00	127.00	126.75	126.50	127.00	127.25			
Jun	128.00	127.00	126.75	126.50	127.00	127.25			
Jul	128.00	127.00	126.75	126.50	127.00	127.25			
Aug	128.00	127.00	126.75	126.50	127.00	127.25			
Sept	128.00	127.00	126.75	126.50	127.00	127.25			
Oct	128.00	127.00	126.75	126.50	127.00	127.25			
Nov	128.00	127.00	126.75	126.50	127.00	127.25			
Dec	128.00	127.00	126.75	126.50	127.00	127.25			
Jan	128.00	127.00	126.75	126.50	127.00	127.25			
Feb	128.00	127.00	126.75	126.50	127.00	127.25			
Mar	128.00	127.00	126.75	126.50	127.00	127.25			
Apr	128.00	127.00	126.75	126.50	127.00	127.25			
May	128.00	127.00	126.75	126.50	127.00	127.25			
Jun	128.00	127.00	126.75	126.50	127.00	127.25			
Jul	128.00	127.00	126.75	126.50	127.00	127.25			
Aug	128.00	127.00	126.75	126.50	127.00	127.25			
Sept	128.00	127.00	126.75	126.50	127.00	127.25			
Oct	128.00	127.00	126.75	126.50	127.00	127.25			
Nov	128.00	127.00	126.75	126.50	127.00	127.25			
Dec	128.00	127.00	126.75	126.50	127.00	127.25			
Jan	128.00	127.00	126.75	126.50	127.00	127.25			
Feb	128.00								

146-146	150	7 1/2	Liberty	36	23
7 1/2 + 1/2	150	3	Liberty		
27 1/2	154	30	Liberty		
17 1/2 + 1/2	154	30	Liberty		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV	DW	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES	ET	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP	FQ	FR	FS	FT	FU	FV	FW	FX	FY	FZ	GA	GB	GC	GD	GE	GF	GG	GH	GI	GJ	GK	GL	GM	GN	GO	GP	GQ	GR	GS	GT	GU	GV	GW	GX	GY	GZ	HA	HB	HC	HD	HE	HF	HG	HH	HI	HJ	HK	HL	HM	HN	HO	HP	HQ	HR	HS	HT	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT	IU	IV	IW	IX	IY	IZ	JA	JB	JC	JD	JE	JF	JG	JH	JI	IJ	JK	KL	JM	JN	JO	JP	JQ	JR	JS	JT	JU	JV	JW	JX	JY	JZ	KA	KB	KC	KD	KE	KF	KG	KH	KI	KJ	KK	KL	KM	KN	KO	KP	KQ	KR	KS	KT	KU	KV	KW	KX	KY	KZ	LA	LB	LC	LD	LE	LF	LG	LH	LI	LJ	LK	LL	LM	LN	LO	LP	LQ	LR	LS	LT	LU	LV	LW	LX	LY	LZ	MA	MB	MC	MD	ME	MF	MG	MH	MI	MJ	MK	ML	MM	MN	MO	MP	MQ	MR	MS	MT	MU	MV	MW	MX	MY	MZ	NA	NB	NC	ND	NE	NF	NG	NH	NI	NJ	NK	NL	NM	NN	NO	NP	NQ	NR	NS	NT	NU	NV	NW	NX	NY	NZ	OA	OB	OC	OD	OE	OF	OG	OH	OI	OJ	OK	OL	OM	ON	OO	OP	OQ	OR	OS	OT	OU	OV	OW	OX	OY	OZ	PA	PB	PC	PD	PE	PF	PG	PH	PI	PJ	PK	PL	PM	PN	PO	PP	PQ	PR	PS	PT	PU	PV	PW	PX	PY	PZ	QA	QB	QC	QD	QE	QF	QG	QH	QI	QJ	QK	QL	QM	QN	QO	QP	QQ	QR	QS	QT	QU	QV	QW	QX	QY	QZ	RA	RB	RC	RD	RE	RF	RG	RH	RI	RJ	RK	RL	RM	RN	RO	RP	RQ	RR	RS	RT	RU	RV	RW	RX	RY	RZ	SA	SB	SC	SD	SE	SF	SG	SH	SI	SJ	SK	SL	SM	SN	SO	SP	SQ	SR	SS	ST	SU	SV	SW	SX	SY	SZ	TA	TB	TC	TD	TE	TF	TG	TH	TI	TJ	TK	TL	TM	TN	TO	TP	TQ	TR	TS	TU	<th>TW</th> <th>TX</th> <th>TY</th> <th>TZ</th> <th>UA</th> <th>UB</th> <th>UC</th> <th>UD</th> <th>UE</th> <th>UF</th> <th>UG</th> <th>UH</th> <th>UI</th> <th>UJ</th> <th>UK</th> <th>UL</th> <th>UM</th> <th>UN</th> <th>UO</th> <th>UP</th> <th>UQ</th> <th>UR</th> <th>US</th> <th>UT</th> <th>UU</th> <th>UV</th> <th>UW</th> <th>UX</th> <th>UY</th> <th>UZ</th> <th>VA</th> <th>VB</th> <th>VC</th> <th>VD</th> <th>VE</th> <th>VF</th> <th>VG</th> <th>VH</th> <th>VI</th> <th>VJ</th> <th>VK</th> <th>VL</th> <th>VM</th> <th>VN</th> <th>VO</th> <th>VP</th> <th>VQ</th> <th>VR</th> <th>VS</th> <th>VT</th> <th>VU</th> <th>VV</th> <th>VW</th> <th>VX</th> <th>VY</th> <th>VZ</th> <th>WA</th> <th>WB</th> <th>WC</th> <th>WD</th> <th>WE</th> <th>WF</th> <th>WG</th> <th>WH</th> <th>WI</th> <th>WJ</th> <th>WK</th> <th>WL</th> <th>WM</th> <th>WN</th> <th>WO</th> <th>WP</th> <th>WQ</th> <th>WR</th> <th>WS</th> <th>WT</th> <th>WU</th> <th>WV</th> <th>WW</th> <th>WX</th> <th>WY</th> <th>WZ</th> <th>XA</th> <th>XB</th> <th>XC</th> <th>XD</th> <th>XE</th> <th>XF</th> <th>XG</th> <th>XH</th> <th>XI</th> <th>XJ</th> <th>XK</th> <th>XL</th> <th>XM</th> <th>XN</th> <th>XO</th> <th>XP</th> <th>XQ</th> <th>XR</th> <th>XS</th> <th>XT</th> <th>XU</th> <th>XV</th> <th>XW</th> <th>XX</th> <th>XY</th> <th>XZ</th> <th>YA</th> <th>YB</th> <th>YC</th> <th>YD</th> <th>YE</th> <th>YF</th> <th>YG</th> <th>YH</th> <th>YI</th> <th>YJ</th> <th>YK</th> <th>YL</th> <th>YM</th> <th>YN</th> <th>YO</th> <th>YP</th> <th>YQ</th> <th>YR</th> <th>YS</th> <th>YT</th> <th>YU</th> <th>YV</th> <th>YW</th> <th>YX</th> <th>YZ</th> <th>ZA</th> <th>ZB</th> <th>ZC</th> <th>ZD</th> <th>ZE</</th>	TW	TX	TY	TZ	UA	UB	UC	UD	UE	UF	UG	UH	UI	UJ	UK	UL	UM	UN	UO	UP	UQ	UR	US	UT	UU	UV	UW	UX	UY	UZ	VA	VB	VC	VD	VE	VF	VG	VH	VI	VJ	VK	VL	VM	VN	VO	VP	VQ	VR	VS	VT	VU	VV	VW	VX	VY	VZ	WA	WB	WC	WD	WE	WF	WG	WH	WI	WJ	WK	WL	WM	WN	WO	WP	WQ	WR	WS	WT	WU	WV	WW	WX	WY	WZ	XA	XB	XC	XD	XE	XF	XG	XH	XI	XJ	XK	XL	XM	XN	XO	XP	XQ	XR	XS	XT	XU	XV	XW	XX	XY	XZ	YA	YB	YC	YD	YE	YF	YG	YH	YI	YJ	YK	YL	YM	YN	YO	YP	YQ	YR	YS	YT	YU	YV	YW	YX	YZ	ZA	ZB	ZC	ZD	ZE</
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10	104	1.1	1	2	39%	23%	39%	+ 1%
11				75	8%	5%	8%	+ 3%
12	10	1	20	11	12%	12%	12%	+ 1%
13				54	12%	11%	12%	+ 1%

[illegible]

The Annual General Meeting of Shareholders, held in Paris on June 23rd, 1983 under the chairmanship of Mr. Alain Grenviller, approved the consolidated accounts for the year ended December 31st, 1982.

The Meeting set the dividend for the year at F.F. 13 per share which, together with F.F. 9 prepaid tax (tax credit), amounts to a total dividend of F.F. 27.

An interim dividend of F.F. 8 per share having already been paid on January 10th, 1983, the final dividend of F.F. 10 will be paid on July 4th, 1983 against coupon N° 37.

The Annual General Meeting also reappointed Mr. Jean-Benoît Chandon-Moët as director for a further period of six years.

The Whole World in Your Hands

Price	Aug	Nov	Feb
GE	73.45	54.07	—

430	1.75	1.75	1.50	1.50	2.00	2.00
420	0.50	1.50	8.00	11.00	17.00	21.00
400	—	—	5.00	8.00	11.00	15.00
510	—	—	1.00	5.00	6.00	9.00

Gold 421.50-425.00

Valenz White Weld S.A.
1, Quai du Mont-Blanc
1211 GENEVE 1, Switzerland

European Community in the first six months fell to 1.96 million units, down 9.3 percent from a year earlier, because of a Japanese

agreement to curb recorder exports to the EC for three years.

FORINAX DEVELOPMENT LIMITED
Bid: U.S. \$4 1/4. Asked: U.S. \$4 1/2.
As of date: July 25, 1983.
F.P.S.

FINANCIAL PLANNING SERVICES BV
Kolkweg 112, 3rd Floor
1012 PK AMSTERDAM, Holland
Phone: 020 721 2222/2223/2224/2225

		F		G		H	
60%	3	FGI		4	40%		
100%	54	FPA's		2	100%		
100%	100%	Forded	50	17	9		
100%	100%	Ford's	100	60	10	23	10
100%	3	Ford's		100	100	100	100
100%	90%	Ford's	10	10	10	10	10

1972	52	FISHER	200	48	17	24	1700
1973	13	FISHER	240	120	14	23	1700
1974	13	FISHER				43	1700
1975	4	FISHER				3	1700
1976	4	FISHER				3	1700
1977	4	FISHER				3	1700
1978	4	FISHER				3	1700
1979	4	FISHER				3	1700
1980	4	FISHER				3	1700
1981	4	FISHER				3	1700
1982	4	FISHER				3	1700
1983	4	FISHER				3	1700
1984	4	FISHER				3	1700
1985	4	FISHER				3	1700
1986	4	FISHER				3	1700
1987	4	FISHER				3	1700
1988	4	FISHER				3	1700
1989	4	FISHER				3	1700
1990	4	FISHER				3	1700
1991	4	FISHER				3	1700
1992	4	FISHER				3	1700
1993	4	FISHER				3	1700
1994	4	FISHER				3	1700
1995	4	FISHER				3	1700
1996	4	FISHER				3	1700
1997	4	FISHER				3	1700
1998	4	FISHER				3	1700
1999	4	FISHER				3	1700
2000	4	FISHER				3	1700
2001	4	FISHER				3	1700
2002	4	FISHER				3	1700
2003	4	FISHER				3	1700
2004	4	FISHER				3	1700
2005	4	FISHER				3	1700
2006	4	FISHER				3	1700
2007	4	FISHER				3	1700
2008	4	FISHER				3	1700
2009	4	FISHER				3	1700
2010	4	FISHER				3	1700
2011	4	FISHER				3	1700
2012	4	FISHER				3	1700
2013	4	FISHER				3	1700
2014	4	FISHER				3	1700
2015	4	FISHER				3	1700
2016	4	FISHER				3	1700
2017	4	FISHER				3	1700
2018	4	FISHER				3	1700
2019	4	FISHER				3	1700
2020	4	FISHER				3	1700
2021	4	FISHER				3	1700
2022	4	FISHER				3	1700
2023	4	FISHER				3	1700
2024	4	FISHER				3	1700
2025	4	FISHER				3	1700
2026	4	FISHER				3	1700
2027	4	FISHER				3	1700
2028	4	FISHER				3	1700
2029	4	FISHER				3	1700
2030	4	FISHER				3	1700
2031	4	FISHER				3	1700
2032	4	FISHER				3	1700
2033	4	FISHER				3	1700
2034	4	FISHER				3	1700
2035	4	FISHER					

Year	Model	Price	Year	Model	Price
1978	Ford	1.00	1978	Ford	1.00
1979	Ford	1.00	1979	Ford	1.00
1980	Ford	1.00	1980	Ford	1.00
1981	Ford	1.00	1981	Ford	1.00
1982	Ford	1.00	1982	Ford	1.00
1983	Ford	1.00	1983	Ford	1.00
1984	Ford	1.00	1984	Ford	1.00
1985	Ford	1.00	1985	Ford	1.00
1986	Ford	1.00	1986	Ford	1.00
1987	Ford	1.00	1987	Ford	1.00
1988	Ford	1.00	1988	Ford	1.00
1989	Ford	1.00	1989	Ford	1.00
1990	Ford	1.00	1990	Ford	1.00
1991	Ford	1.00	1991	Ford	1.00
1992	Ford	1.00	1992	Ford	1.00
1993	Ford	1.00	1993	Ford	1.00
1994	Ford	1.00	1994	Ford	1.00
1995	Ford	1.00	1995	Ford	1.00
1996	Ford	1.00	1996	Ford	1.00
1997	Ford	1.00	1997	Ford	1.00
1998	Ford	1.00	1998	Ford	1.00
1999	Ford	1.00	1999	Ford	1.00
2000	Ford	1.00	2000	Ford	1.00
2001	Ford	1.00	2001	Ford	1.00
2002	Ford	1.00	2002	Ford	1.00
2003	Ford	1.00	2003	Ford	1.00
2004	Ford	1.00	2004	Ford	1.00
2005	Ford	1.00	2005	Ford	1.00
2006	Ford	1.00	2006	Ford	1.00
2007	Ford	1.00	2007	Ford	1.00
2008	Ford	1.00	2008	Ford	1.00
2009	Ford	1.00	2009	Ford	1.00
2010	Ford	1.00	2010	Ford	1.00
2011	Ford	1.00	2011	Ford	1.00
2012	Ford	1.00	2012	Ford	1.00
2013	Ford	1.00	2013	Ford	1.00
2014	Ford	1.00	2014	Ford	1.00
2015	Ford	1.00	2015	Ford	1.00
2016	Ford	1.00	2016	Ford	1.00
2017	Ford	1.00	2017	Ford	1.00
2018	Ford	1.00	2018	Ford	1.00
2019	Ford	1.00	2019	Ford	1.00
2020	Ford	1.00	2020	Ford	1.00
2021	Ford	1.00	2021	Ford	1.00
2022	Ford	1.00	2022	Ford	1.00
2023	Ford	1.00	2023	Ford	1.00
2024	Ford	1.00	2024	Ford	1.00
2025	Ford	1.00	2025	Ford	1.00
2026	Ford	1.00	2026	Ford	1.00
2027	Ford	1.00	2027	Ford	1.00
2028	Ford	1.00	2028	Ford	1.00
2029	Ford	1.00	2029	Ford	1.00
2030	Ford	1.00	2030	Ford	1.00

174	4-6	Fraser	200	2.4	14	1	174
434	19	Fraser			25	29	354
74	6	Fraser	34	2.4	58	173	64
14	4-5	Fraser	38	4.8	6	44	124
24	2-4	Fraser	400	1.4	16	42	24
34	1-4	Fraser	400	1.4	16	42	24

5%	4%		10%	15%	PGE ₂ PK	2.04	12.
10%	10%	+ 1/2	17%	16%	PGE ₂ HJ	2.22	12.
24%	27%	+ 1/2	9%	7	PGE ₂ IN	1.57	12.
14	14		17%	11%	PGLTm	1.80	12.
14	14		40%	28%	PGC ₂ PI	4.34	12.
14	14		43%	31%	PGC ₂ PI	4.75	12.
14	14		45	34%	PGC ₂ PI	5.00	11.
14	14		9%	7 1/2	PGC ₂ PI		
14	14		9%	7 1/2	PGC ₂ PI		

1134	20%	-1%	8%	7 1/2%	PORF 2	20	3
27	21%	+3%	7%	2	PORF 1		
151%	15%	+1/2	33%	13%	PORF 1	200	2
10%	10%	-3%	39	10%	PORF 1		
151%	15%	+1/2	7%	2 1/2%	PORF 1		
20%	20%	+1%	8%	6%	PORF 1		

4%	2 1/2%	-	1/2%	7%	3 1/2%	Pen TU	2.00	4.50
5%	3%	+	1/2%	4 1/2%	1 1/2%	PenTV		
5 1/2%	3 1/2%			2%	1 1/2%	PenEM	1.50	3.25
6%	4 1/2%	-	1/2%	2 1/2%	1 1/2%	PenTY	1.20	3.00
6 1/2%	5%	+	1/2%	3 1/4%	7 1/4%	PECR	1.99	5.50
6 3/4%	5 1/2%		1/2%	2 3/4%	14	PenRE s	1.88	7.25
7%	6%	-	3/4%	1 1/2%	7 1/2%	PenRI	.17	1.25

Period	.80	2.1
PetLaw	1.97	6.2
PetLaw wt		
PetLw of 1.65	1.65	1.6
PetLw of 2.31	2.31	1.7

	24	16%	16	18%	+ + -	27%	19%	W
	6	18%	17%	18%	+ + -	27%	8%	W
	15	9	9	9	- + -	43%	33%	W
S	60	17%	17	17	- + -	5%	1%	W
	20%	31%	37	36%		16%	7%	W
	20%	39%	39%	29%		7%	6%	W
	25%	44	44	44	-	40%	19%	W
	27	4	3%			9%	1%	W

12	101	40	30%	30%	1	14
23	16	8	5%	5%	1	14
31	123	2	35%	35%	1	14
	12	9	8%	8%	5	14
			6%	6%	6	14

12	22	9%	9%	9%	- 3/4
13	5	2%	1%	5%	+ 1/4
14	14	21%	31%	31%	- 1/2
15	32	22%	27%	27	
16	14 1/2	3%	3%	3%	+ 1/4
17	26	34%	23%	23%	- 1
18	191	13%	13%	23%	+ 1 1/4

2	17 1/2	17 1/2	15	+	14
53 1/2	38 1/2	38 1/2	38 1/2	+	36
320	17 1/2	16 1/2	17 1/2	+	16
14	8 1/2	8	5 1/2		
15	12 1/2	12	12 1/2		
	16 1/2	14	14		

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
2000	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

		Y				
MO's		13	11	13	13	12
Mar '8	.10	6 47	186	2736	20%	27%—1
Mar '8	.10	6 41	186	2946	20%	27%—1

are unofficial. Yearly highs and lows reflect 52 weeks plus the current week, but not the day. Where a split or stock dividend of 25 percent or more has been paid, the yearly high and dividend are shown for the new stock.

based on the latest declaration
also entered), b—annual rate of dividend plus
c—troubling dividend, d—called, e—
dividend declared or paid in preceding
year in Canada.

Why Morgan Guaranty Ltd is the fastest growing lead manager of Eurobonds



Morgan Guaranty Ltd draws on the skills of Morgan people worldwide. In London are Fabian vom Hofe, MGL vice chairman, at left, with managers Jean-François Buisseret, Michael Enthoven, Claus Lowe, David Brigstocke. The Morgan bankers in New York are Trisha McGlothlin; Dennis Weatherstone, chairman of the executive committee of The Morgan Bank and MGL chairman; Walter Gubert; Robert Engel, executive vice president and treasurer; Lorin Lear; Roberto Mendoza.

In 1982 Morgan Guaranty Ltd—the Eurobond underwriting subsidiary of Morgan Guaranty Trust Company—ranked fourth among lead managers and joint lead managers of Eurobond issues, up from 12th place in 1981 and 36th place in 1980. As the tables show, we're maintaining that high position this year.

How did we achieve this record—in competition with the world's leading banks, investment banks, and merchant banks—when Morgan Guaranty Ltd didn't start business until late 1979?

We earned it by providing issuers with financing structures that not only respond to their specific needs but also take maximum advantage of changing market opportunities.

The changing environment

As an issuer today you have to deal with more change than ever before. Rule 415, the increasing institutionalization of international capital markets, rate hedging options, and arbitrage techniques such as interest rate and currency swaps have radically altered markets and financing strategies. You want an underwriter with the skill and imagination to respond quickly to any new development.

Morgan Guaranty Ltd's understanding of and adaptability to the changing market environment have led to many innovations which have benefited issuers. The first debt warrant exercisable into a zero coupon security, for example. The first partly paid dollar issue in 1982. The only Euro-sterling issue for a U.S. corporation during 1982.

And we recently managed the first issue with a deferred rate setting. With this technique a borrower who feels that rates will decline can take immediate advantage of a favor-

Eurobond rankings—1982			
	1981 rank	No. of issues	Dollars in millions*
1 Credit Suisse First Boston Limited	1	92	\$7,246
2 Deutsche Bank AG	3	67	5,042
3 Morgan Stanley International	2	63	3,776
4 Morgan Guaranty Ltd	12	42	2,012
5 Salomon Brothers International	6	40	1,773
6 Swiss Bank Corporation Int'l Limited	16	22	1,742
7 Merrill Lynch International & Co.	5	36	1,714
8 S.G. Warburg & Co. Ltd.	4	36	1,566
9 Goldman Sachs International Corp.	13	28	1,198
10 Société Générale	10	25	1,016

Eurobond rankings—1983 first quarter

1	Credit Suisse First Boston Limited	21	\$2,746
2	Deutsche Bank AG	23	1,602
3	Morgan Stanley International	13	765
4	Morgan Guaranty Ltd	15	582
5	Société Générale	6	507
6	S.G. Warburg & Co. Ltd.	14	456
7	Dresdner Bank AG	7	413
8	Algemene Bank Nederland NV	7	361
9	Amro International Limited	10	297
10	Daiwa Europe Limited	8	290

Source: Euromoney Publications Ltd. *All notes and bonds. Sole lead managers receive full amount of the issue; joint lead managers receive equal amounts.

able market opportunity but have a number of months during which the cost of the financing can be fixed.

With change a constant, we're committed to finding financing alternatives that will meet your needs under any market conditions.

Intermarket arbitrage

Our resources are important to clients, too. Morgan is a major participant in the international capital markets, the U.S. Government bond market, the futures markets, the foreign exchange markets, the bullion markets, and the major local-currency money markets. So we're especially well positioned to capitalize on the increasing interdependence of financial markets and create cost-effective solutions to financing problems.

And Morgan's capital strength helps us to implement the solutions efficiently. For instance, while all underwriters can make commitments for a bond issue, we can also make firm commitments as principal in rate and currency swaps, reducing both cost and risk for our clients.

Innovative professionalism

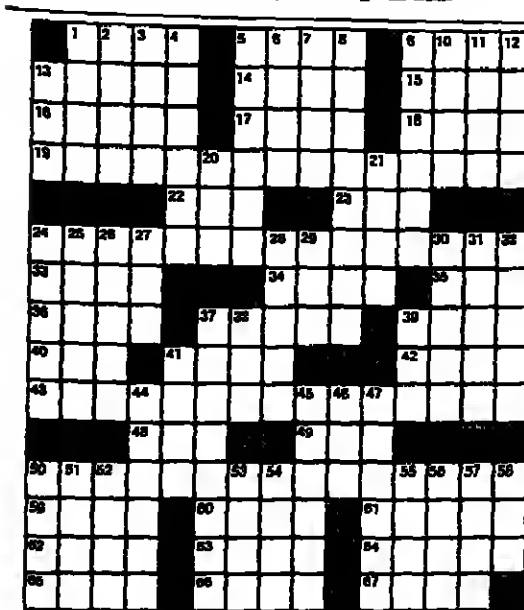
Market opportunities—and new ways to take advantage of them—come and go. Our objective is to provide consistent, imaginative services in the capital markets with the same quality and professionalism that long have characterized the way Morgan conducts all its business.

Let us show you how we can serve your needs.

Morgan Guaranty Ltd, 30 Throgmorton Street, London EC2N 2NT

Morgan Guaranty Ltd

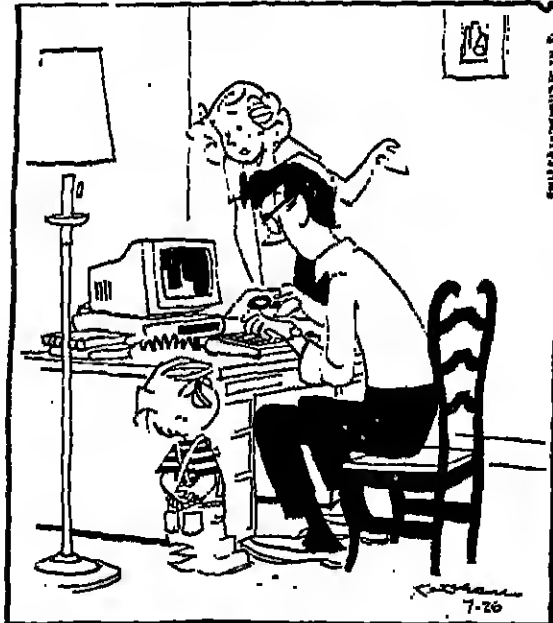
CROSSWORD



- ACROSS**
1. Lancaster or Maxwell
 2. Condition
 3. Misadventure
 4. To fetch—of water
 5. Hebrides island
 6. Flitzgald or Rains
 7. Please, in Potdam
 8. Mars
 9. Bridge term
 10. Edge of a sort
 11. One-chevron G.I.
 12. Devoir
 13. Out of town
 14. Greek letter
 15. "Maria"
 16. Ancient ointment
 17. Scotch
 18. Raccoon
 19. Time in N.Y.C.
 20. Jacket slit
 21. Da Maurier novel
 22. Bailey or Belli
 23. Expansive
 24. Gioriana
 25. Walk, with "it"
 26. Wooden page
- DOWN**
1. Heroic
 2. Tardy
 3. In—(in position)
 4. Syrian city
 5. Petruchio's sister-in-law
 6. Learning
 7. Dollars
 8. Music lover's purchase
 9. Spanish coin
 10. Pronoun for "she"
 11. Croat, e.g.
 12. Antonym of feral
 13. Goat's hair
 14. Not on the mark
 15. Pasternak heroine
 16. Leigh or Gaynor
 17. Overlooking
 18. A la—
 19. Author of "The Spanish Tragedy"
 20. Given off bluff
 21. Out timber
 22. Capital of Senegal
 23. Calyx part
 24. Life is use
 25. Participial ending
 26. Bernadette, e.g.
 27. "Ars longa, vita brevis"
 28. Mocha in Munich
 29. Writers of bread-and-butter pieces
 30. Title of courtship
 31. Abbr.
 32. "I Sing"
 33. Israeli dance
 34. Epochs and epochs
 35. Helipod, at times
 36. "Rhythm"
 37. Gael's land
 38. Famed policeman
 39. Where eggs get
 40. Palindromic preposition

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DENNIS THE MENACE



BUT WILL IT HELP ME KEEP TRACK OF DENNIS?

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

LEVA

AMMAD

CHEWEN

DRIFOL

Now arrange the circled letters to form the words in the puzzle.

Print answer here: _____

Yesterday's Jumble: MINOR WAFER ABSORB MOSQUE

Answer: What briefs are usually "woven" from—"FIBERS"

WEATHER

EUROPE				ASIA			
City	High	Low	Wind	City	High	Low	Wind
Algeria	72	54	fr	Bangkok	82	71	fr
Amsterdam	58	44	fr	Beijing	82	71	fr
Antwerp	58	44	fr	Hong Kong	82	71	fr
Berlin	58	44	fr	Mumbai	82	71	fr
Bombay	82	71	fr	New Delhi	82	71	fr
Buenos Aires	72	54	fr	Osaka	82	71	fr
Calcutta	82	71	fr	Seoul	82	71	fr
Canton	82	71	fr	Singapore	82	71	fr
Cebu	82	71	fr	Taipei	82	71	fr
Colon	82	71	fr	Tokyo	82	71	fr
Hankow	82	71	fr				
Hong Kong	82	71	fr				
Kobe	82	71	fr				
London	58	44	fr				
Lyons	58	44	fr				
Madrid	58	44	fr				
Moscow	58	44	fr				
Munich	58	44	fr				
Nice	58	44	fr				
Paris	58	44	fr				
Prague	58	44	fr				
Rome	58	44	fr				
San Francisco	58	44	fr				
Shanghai	82	71	fr				
Singapore	82	71	fr				
Sourabaya	82	71	fr				
Taipei	82	71	fr				
Tokyo	82	71	fr				
Yokohama	82	71	fr				

PEANUTS



BLONDIE



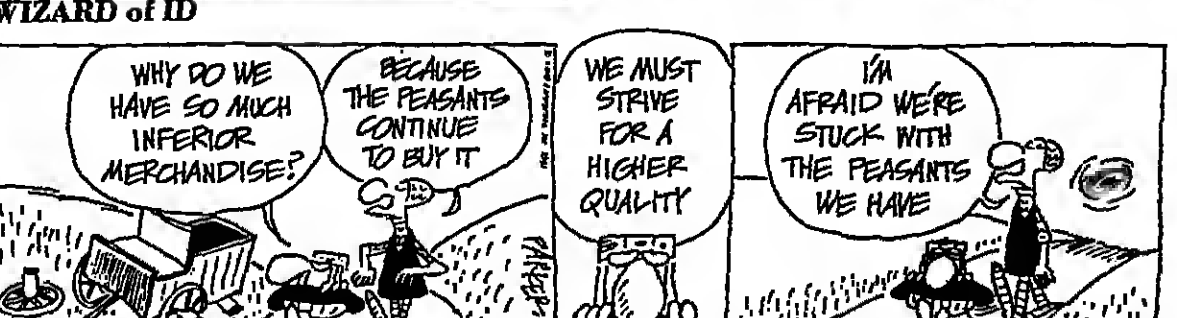
BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



BOOKS

THE DARK FANTASIE

By Stanley Ellin. 309 pp. \$13.95. Limited edition, \$50.
The Mysterious Press, 129 West 56th St., New York, N.Y. 10019.

Reviewed by Charles Champlin

LIKE linking armies, a pathological cancer is eating away at his innards while the psychological cancer of racial hatred is consuming his soul.

He's an old man from an early Dutch-American family, living in the Brooklyn house he was born in and has made into an immaculate museum of the American past. He survives on the rents from an apartment building next door, built at ruinous cost by his father and now fully occupied by the blacks he hates.

His last malignant obsession is to send the apartment with explosives (a trade he learned in the military service) and then destroy it and its occupants in one vast implosion, ending his own miseries more sedately next door.

He will narrate it all on a succession of tape recordings, which he will sell to the media to underwrite the preservation of his own house as a museum.

It is the stuff of a crime thriller, and "The Dark Fantasie" is by Stanley Ellin, a past winner of the Grand Master Award of the Mystery Writers of America.

The question raised by "The Dark Fantasie" is, when is a crime thriller more than a crime thriller, and is there a sort of boundary, in terms of content, beyond which the writer cannot enjoy what you might call the creature comforts of the crime story genre?

The hero-figure in "The Dark Fantasie" is John Milano, a very expensive private eye Ellin introduced in an earlier novel. The tale is told in alternating chapters: transcripts of the interestingly incoherent monologues of Charles Ellin, a writer with a beautiful black woman whose family lives in Ellin's decaying apartment building.

"The Dark Fantasie" has all the requisites of the successful thriller. The characters are vivid, the dialogue has the authentic ring of silver dollars on marble, the scenes are remarkably evocative (no wonder Ellin's work has been so often seized for film), the suspense escalates with what can be called a terrific efficiency.

But at the center, dominating and indeed overshadowing all else, is the portrait of Ellin himself, a man bright, venomously articulate, hateful but also only too credible, raging at a changed world and evoking its symptoms.

in a torrent of invective without ever sending the crudities and tragedies of change. The New York-born Ellin attended Brooklyn College, lives in Brooklyn and knows the territory as an anatomist, sociologist and homicide detective might know it—to the depths of its despair, in the beats of its anger.

As an exercise in literary invention, the Ellin tapes are nearly breathtaking in their marbling power. There can have been few more convincing demonstrations of the making of a bigot, the closing off of empathy and compassion. Ellin somehow has Kirwan reveal more than he presumes he is revealing. In their blundered, tunnelled ferocity, Kirwan's tirades of prejudice offer the shock of recognition but no shred of concurrence. Horrified the world, although Ellin's Milano chapters provide an understanding and balanced view of the apartment dwellers. As one of his profilers has said, Ellin has rarely observed the boundaries of detective fiction (though each of his first seven short stories won a prize from the Ellery Queen Mystery Magazine).

In the best of crime fiction in recent years, the reader frequently senses the author's frustrated thrusts against the perceived limits of the form. In "The Dark Fantasie" the frustration is, I think, transferred to the reader, who may well agree that so penetrating, revealing and accusing a picture of the soul of prejudice is inevitably diminished by the context of crime fiction and the larger-than-life trappings of the genre.

But whatever the content, the portrait as a portrait is convincing and even moving, captive but not inflammatory, indicting and pathetic.

Charles Champlin wrote this review for The Los Angeles Times.

Columbia Plans New Quarters For Its Rare Book Collection

NEW YORK—Columbia University is to set up a new \$3-million Rare Book and Manuscript Library in its Butler Library to house 50,000 volumes, 22 million manuscript items and thousands of art properties. Michael I. Sovern, the university's president, said the funds had been raised from more than 100 benefactors. The construction work is expected to be completed in the fall of 1984.

The rare-book library, established in 1930, is considered one of the finest such university collections in the United States, and includes ancient Babylonian cuneiform clay tablets and the 15th-century Canon Misae, one of only three recorded copies of this first book to be printed in more than one color.

CHESS

By Robert Byrne

THE Herald-Russian Reserve Masters Tournament in New York was won by Bernard Zuckerman, a New York international master. He scored 9-2 in the 12-player round-robin competition.

Tim Taylor, a Queens international master, tied 8½-2½ to capture second place.

David Goodman, a British international master, took third place with 7½-3½.

The international master Vincent McCambridge of Berkeley, Calif., came fourth with 7-4.

James Rizzitano of Needham, Mass., was fifth with 6½-4½.

After McCambridge missed a strong line of play against the King's Indian Defense, he was gradually outplayed and defeated by Zuckerman.

It was unusual for Zuckerman to forgo his favorite R-KB1, R-KB1; 37 N-B3, 7... N-B3 in favor of R-KB1, R-KB1; 38 K-R3, Q-Q6; 39 K-K1, Q-Q6; 40 K-R3, Q-Q6; 41 K-R3, Q-Q6; 42 K-R3, Q-Q6; 43 K-R3, Q-Q6; 44 K-R3, Q-Q6; 45 K-R3, Q-Q6; 46 K-R3, Q-Q6; 47 K-R3, Q-Q6; 48 K-R3, Q-Q6; 49 K-R3, Q-Q6; 50 K-R3, Q-Q6; 51 K-R3, Q-Q6; 52 K-R3, Q-Q6; 53 K-R3, Q-Q6; 54 K-R3, Q-Q6; 55 K-R3, Q-Q6; 56 K-R3, Q-Q6; 57 K-R3, Q-Q6; 58 K-R3, Q-Q6; 59 K-R3, Q-Q6; 60 K-R3, Q-Q6; 61 K-R3, Q-Q6; 62 K-R3, Q-Q6; 63 K-R3, Q-Q6; 64 K-R3, Q-Q6; 65 K-R3, Q-Q6; 66 K-R3, Q-Q6; 67 K-R3, Q-Q6; 68 K-R3, Q-Q6; 69 K-R3, Q-Q6; 70 K-R3, Q-Q6; 71 K-R3, Q-Q6; 72 K-R3, Q-Q6; 73 K-R3, Q-Q6; 74 K-R3, Q-Q6; 75 K-R3, Q-Q6; 76 K-R3, Q-Q6; 77 K-R3, Q-Q6; 78 K-R3, Q-Q6; 79 K-R3, Q-Q6; 80 K-R3, Q-Q6; 81 K-R3, Q-Q6; 82 K-R3, Q-Q6; 83 K-R3, Q-Q6; 84 K-R3, Q-Q6; 85 K-R3, Q-Q6; 86 K-R3, Q-Q6; 87 K-R3, Q-Q6; 88 K-R3, Q-Q6; 89 K-R3, Q-Q6; 90 K-R3, Q-Q6; 91 K-R3, Q-Q6; 92 K-R3, Q-Q6; 93 K-R3, Q-Q6; 94 K-R3, Q-Q6; 95 K-R3, Q-Q6; 96 K-R3, Q-Q6; 97 K-R3, Q-Q6; 98 K-R3, Q-Q6; 99 K-R3, Q-Q6; 100 K-R3, Q-Q6; 101 K-R3, Q-Q6; 102 K-R3, Q-Q6; 103 K-R3, Q-Q6; 104 K-R3, Q-Q6; 105 K-R3, Q-Q6; 106 K-R3, Q-Q6; 107 K-R3, Q-Q6; 108 K-R3, Q-Q6; 109 K-R3, Q-Q6; 110 K-R3, Q-Q6; 111 K-R3, Q-Q6; 112 K-R3, Q-Q6; 113 K-R3, Q-Q6; 114 K-R3, Q-Q6; 115 K-R3, Q-Q6; 116 K-R3, Q-Q6; 117 K-R3, Q-Q6; 118 K-R3, Q-Q6; 119 K-R3, Q-Q6; 120 K-R3, Q-Q6; 121 K-R3, Q-Q6; 122 K-R3, Q-Q6; 123 K-R3, Q-Q6; 124 K-R3, Q-Q6; 125 K-R3, Q-Q6; 126 K-R3, Q-Q6; 127 K-R3, Q-Q6; 128 K-R3, Q-Q6; 129 K-R3, Q-Q6; 130 K-R3, Q-Q6; 131 K-R3, Q-Q6; 132 K-R3, Q-Q6; 133 K-R3, Q-Q6; 134 K-R3, Q-Q6; 135 K-R3, Q-Q6; 136 K-R3, Q-Q6; 137 K-R3, Q-Q6; 138 K-R3, Q-Q6; 139 K-R3, Q-Q6; 140 K-R3, Q-Q6; 141 K-R3, Q-Q6; 142 K-R3, Q-Q6; 143 K-R3, Q-Q6; 144 K-R3, Q-Q6; 145 K-R3, Q-Q6; 146 K-R3, Q-Q6; 147 K-R3, Q-Q6; 148 K-R3, Q-Q6; 149 K-R3, Q-Q6; 150 K-R3, Q-Q6; 151 K-R3, Q-Q6; 152 K-R3, Q-Q6; 153 K-R3, Q-Q6; 154 K-R3, Q-Q6; 155 K-R3, Q-Q6; 156 K-R3, Q-Q6; 157 K-R3, Q-Q6; 158 K-R3, Q-Q6; 159 K-R3, Q-Q6; 160 K-R3, Q-Q6; 161 K-R3, Q-Q6; 162 K-R3, Q-Q6; 163 K-R3, Q-Q6; 164 K-R3, Q-Q6; 165 K-R3, Q-Q6; 166 K-R3, Q-Q6; 167 K-R3, Q-Q6; 168 K-R3, Q-Q6; 169 K-R3, Q-Q6; 170 K-R3, Q-Q6; 171 K-R3, Q-Q6; 172 K-R3, Q-Q6; 173 K-R3, Q-Q6; 174 K-R3, Q-Q6; 175 K-R3, Q-Q6; 176 K-R3, Q-Q6; 177 K-R3, Q-Q6; 178 K-R3, Q-Q6; 179 K-R3, Q-Q6; 180 K-R3, Q-Q6; 181 K-R3, Q-Q6; 182 K-R3, Q-Q6; 183 K-R3, Q-Q6; 184 K-R3, Q-Q6; 185 K-R3, Q-Q6; 186 K-R3, Q-Q6; 187 K-R3, Q-Q6; 188 K-R3, Q-Q6; 189 K-R3, Q-Q6; 190 K-R3, Q-Q6; 191 K-R3, Q-Q6; 192 K-R3, Q-Q6; 193 K-R3, Q-Q6; 194 K-R3, Q-Q6; 195 K-R3, Q-Q6; 196 K-R3, Q-Q6; 197 K-R3, Q-Q6; 198 K-R3, Q-Q6; 199 K-R3, Q-Q6; 200 K-R3, Q-Q6; 201 K-R3, Q-Q6; 202 K-R3, Q-Q6; 203 K-R3, Q-Q6; 204 K-R3, Q-Q6; 205 K-R3, Q-Q6; 206 K-R3, Q-Q6; 207 K-R3, Q-Q6; 208 K-R3, Q-Q6; 209 K-R3, Q-Q6; 210 K-R3, Q-Q6; 211 K-R3, Q-Q6; 212 K-R3, Q-Q6; 213 K-R3, Q-Q6; 214 K-R3, Q-Q6; 215 K-R3, Q-Q6; 216 K-R3, Q-Q6; 217 K-R3, Q-Q6; 218 K-R3, Q-Q6; 219 K-R3, Q-Q6; 220 K-R3, Q-Q6; 221 K-R3, Q-Q6; 222 K-R3, Q-Q6; 223 K-R3, Q-Q6; 224 K-R3, Q-Q6; 225 K-R3, Q-Q6; 226 K-R3, Q-Q6; 227 K-R3, Q-Q6; 228 K-R3, Q-Q6; 229 K-R3, Q-Q6; 230 K-R3, Q-Q6; 231 K-R3, Q-Q6; 232 K-R3, Q-Q6; 233 K-R3, Q-Q6; 234 K-R3, Q-Q6; 235 K-R3, Q-Q6; 236 K-R3, Q-Q6; 237 K-R3, Q-Q6; 238 K-R3, Q-Q6; 239 K-R3, Q-Q6; 240 K-R3, Q-Q6; 241 K-R3, Q-Q6; 242 K-R3, Q-Q6; 243 K-R3, Q-Q6; 244 K-R3, Q-Q6; 245 K-R3, Q-Q6; 246 K-R3, Q-Q6; 247 K-R3, Q-Q6; 248 K-R3, Q-Q6; 249 K-R3, Q-Q6; 250 K-R3, Q-Q6; 251 K-R3, Q-Q6; 252 K-R3, Q-Q6; 253 K-R3, Q-Q6; 254 K-R3, Q-Q6; 255 K-R3, Q-Q6; 256 K-R3, Q-Q6; 257 K-R3, Q-Q6; 258 K-R3, Q-Q6; 259 K-R3, Q-Q6; 260 K-R3, Q-Q6; 261 K-R3, Q-Q6; 262 K-R3, Q-Q6; 263 K-R3, Q-Q6; 264 K-R3, Q-Q6; 265 K-R3, Q-Q6; 266 K-R3, Q-Q6; 267 K-R3, Q-Q6; 268 K-R3, Q-Q6; 269 K-R3, Q-Q6; 270 K-R3, Q-Q6; 271 K-R3, Q-Q6; 272 K-R3, Q-Q6; 273 K-R3, Q-Q6; 274 K-R3, Q-Q6; 275 K-R3, Q-Q6; 276 K-R3, Q-Q6; 277 K-R3, Q-Q6; 278 K-R3, Q-Q6; 279 K-R3, Q-Q6; 280 K-R3, Q-Q6; 281 K-R3, Q-Q6; 282 K-R3, Q-Q6; 283 K-R3, Q-Q6; 284 K-R3, Q-Q6; 285 K-R3, Q-Q6; 286 K-R3, Q-Q6; 287 K-R3, Q-Q6; 288 K-R3, Q-Q6; 289 K-R3, Q-Q6; 290 K-R3, Q-Q6; 291 K-R3, Q-Q6; 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SPORTS

Allen's Second Consecutive Shutout Stops Cardinals' Skid



Elway in Greeley: 'I want to be able to go buy a root beer.'

Elway Is Weathering The Early NFL Heat

By David Remnick

Washington Post Service

GREELEY, Colorado — In this wheat and meadow town south of Larimer and Cheyenne, Wyoming, John Elway releases for the great years expected of him. He throws a baseball to the side, and 50-yard parabolas downfield as rosy receivers glide under the football.

The temperature lately hovers around 100 degrees (about 38 Celsius). The wind blows hotter than a hair dryer on full tilt. Yet hundreds of fans flock from all over Colorado and southern Wyoming just to see Elway warm up, work out and warm down.

The appeal is obvious. In Elway's first practices with the National Football League Denver Broncos these fans see the promise of many autumns of athletic pleasure. They call his name, they mob him for autographs. A little sand nearby sells John Elway T-shirts at \$9.95 per. "Business is great," says the saleswoman as she gives a customer a nickel in change.

If fans have been enthusiastic, the press has been somewhere between vigilant and silly. One paper publishes a daily feature called "Elway Watch." Twenty-eight reporters live full-time with the players in the University of Northern Colorado's dormitories. Many more visit periodically. A flotilla of television trailers is here and will not budge until the Broncos begin the regular season in September.

After a recent morning practice, Elway conducted his usual lunchtime press conference. Between bites, he said, "There's one thing that scares me. I want to be a normal person. I want to be able to go down to the A&W and buy a root beer."

But the 22-year-old quarterback can't even get a haircut in peace. In the first week of rookie camp, Elway thought his blond tresses were hanging too far out of his helmet and set off for the barbershop. He never made it. A television reporter wanted an interview.

That night, team officials arranged for an unmarked police car to pick up Elway and take him to the home of a barber.

John Hadl, who once led the San Diego Chargers to an American Football League title and is now the quarterback coach for Denver, said, "I need a haircut, too, but I don't need a damn phone to get me here."

But Hadl calls Elway the "best quarterback prospect ever," and he's not alone in his evaluation. Gil Brandt, the Dallas Cowboys' personnel director, has said he would draft Elway first even if he had Dan Fouts, Joe Montana and Danny White on his team. Bill Walsh, who coached Elway at Stanford before taking the head coaching job at San Francisco and says Elway is the best college quarterback he has ever seen.

A study of Elway's play — the slick release, strong arm and ability to read pass coverage — confirms the endorsements. So do his statistics. He completed 62.1 percent of his passes at Stanford for 3,499 yards and 77 touchdowns.

It is little wonder that Elway rewrote this year's National Football League draft into a frenzy of re-inventions (in Baltimore) and julations (in Denver). Elway, who hit 318 and earned \$40,000 playing last summer for a New York Yankees' Class-A club in Oneonta, New York, would have preferred working for George Steinbrenner's Yankees than for Robert Irsay's and Hank Kush's Baltimore Colts, the club that had this year's first draft pick.

"I'd rather have done other jobs than play here," Elway says. "I heard a lot about Irsay and Kush, and I've known them for years. I've known them for years."

United Press International
ST. LOUIS — Neil Allen pitched his second straight shutout Sunday as he led the St. Louis Cardinals to a 3-0 victory over the Los Angeles Dodgers.

By stopping the Dodgers on six hits, Allen (7-8) became the first pitcher since 1976 to blank the same team twice in one year while pitching for two different clubs. On May 20, he beat Los Angeles, 4-0, also on six hits, while pitching for the New York Mets.

"Not many people shut out the Dodgers twice in one year," Allen said, "but this was more of a rewarding game."

Allen struck out five and walked only one in halting the Cards' four-game losing streak. He also doubled in one of the St. Louis runs. Allen had been the last St. Louis pitcher to win a game when he shut out San Diego, 4-0, on three hits last Tuesday.

Since joining the Cardinals in a June 15 trade from the Mets for Keith Hernandez, Allen has won five of six decisions, has an earned-run average of 2.02 and has forgotten all about the problems he had at the beginning of the year when he was hit hard in almost every outing.

"My confidence was so low at that point that I just can't pitch," Allen said. "But any time you can get your confidence, you can pretty much write your own ticket on the mound. That's why I'm on a roll right now."

"I want to jump up and down and do cartwheels. I've been in the majors for five years and I've never finished higher than fifth. Usually by July 24 you don't even look at the papers to see the standings when you're with the Mets, because you're out of it."

The Cardinals scored two runs off Jerry Reuss (6-9) in the first inning. Lonnie Smith and Willie McGee hit the game's first two pitches for back-to-back doubles and McGee later scored on a passed ball by Gilberto Reyes.

The loss was the sixth in a row for Reuss, who has not won since May 31. In seven of his nine starts since then, Los Angeles has scored less than two runs.

Expos 7, Astros 3
In Montreal, Steve Rogers scattered eight hits and Al Oliver belted in two runs to lead the Expos to a 7-3 victory over Houston, Rogers

walked one and struck out one in going the distance for the ninth time and becoming the first pitcher in the National League to win 13 games. Oliver doubled home a run in the fifth and knocked in another run with a fielder's choice in the seventh.

Braves 12, Phillies 4
In Atlanta, Bob Horner drove in three runs with a pair of home runs and a single to support the seventh-inning home run by Phil Maffei. The triumph enabled Atlanta to boost its lead over second-place Los Angeles in the NL West to 4½ games. Mike Schmidt homered for Philadelphia.

Reds 4, Mets 2
In Cincinnati, Joe Price pitched a six-hitter and Cesar Cedeno singled in two runs to lead the Reds to a 4-2 victory over New York. In winning his fifth straight game, Price (5-3) has allowed just five runs in 36½ innings, and he has permitted three or fewer runs in 16 of his 18 starts.

Cubs 5, Pirates 3
In Chicago, Ron Cey drove in four runs with a home run, double and sacrifice fly to lead the Cubs past San Diego, 5-3. Chuck Rainey (10-8) went eight innings for the victory with Lee Smith getting the last three outs for his 14th save. Terry Kennedy homered for the losers.

Pirates 3, Giants 1
In Pittsburgh, Jeff Leonard's grand-slam home run in the 11th gave San Francisco an 8-5 decision over the Pirates and a split of a doubleheader. In the opener, Greg Minton's eighth-inning wild pitch scored Lee Lacy with the go-ahead run and Jason Thompson and Tony Pena added RBI singles as Pittsburgh prevailed, 3-1.

Twins 7, Indians 5
In Cleveland, Tim Lincecum and Randy Bush hit bases-empty homers to pace Minnesota to a 5-4 victory and a doubleheader sweep of the Indians. In the 7-5 opener, Gary Ward hit a three-run home run and Gary Gaetti added a two-run homer to make a winner of Bobby Canino (6-8).

Brewers 8, White Sox 7
In Milwaukee, Jim Gantner's suicide squeeze bunt in the eighth scored Ben Oglivie with the win-

ning run as the Brewers registered their 12th victory in 14 games, 8-7, over Chicago. Winning pitcher Pete Ladd (3-2) worked the final 1½ innings. Dick Tidrow (2-3) took the loss.

Tigers 4, Angels 3
In Anaheim, California, Lance Parrish lead off the 12th with a home run and center fielder Chet Lemon's leaping catch in the bottom of the ninth robbed Rod Carew of a two-run homer to preserve Detroit's 4-3 victory over California.

Orioles 4, A's 3
In Oakland, California, Ken Singleton's two-run single in the fifth provided the winning margin in Baltimore's 4-3 triumph over the A's.

Red Sox 6, Mariners 0
In Seattle, Wade Boggs had two runs batted in and raised his batting average to .374, while John Tudor pitched a six-hit shutout as Boston stopped the Mariners, 6-0.

Rangers 3, Blue Jays 0
In Arlington, Texas, Rick Honeycutt pitched a five-hit shutout to lead Texas past Toronto, 3-0. Honeycutt allowed three hits by Barry Bonnell and singles by George Bell and Alfredo Griffin to become the first American League pitcher to win 13 games this season.

Sticky Stuff: Brett Homer Disallowed, Royals Lose
Compiled by Our Staff From Dispatches
NEW YORK — George Brett circled the bases with a home-run smile. Five minutes later, he was at home plate again — transformed from a game-winning hero into a tornado of anger and frustration.

In that ninth-inning interval Sunday at Yankee Stadium, the umpiring crew declared that Brett's bat had pined tar illegally spread above the 18-inch limit and declared him out. As a result, Brett's potentially decisive two-out, two-run homer off Yankee reliever Rich Gossage was disallowed, and New York escaped with a 4-3 victory over Kansas City.

After Brett hit Gossage's second pitch deep into the right-field stands with teammate U.L. Washington on base, Yankee catcher Rick Cerone and Manager Billy Martin asked home plate umpire Tim McClelland to examine the bat.

"I don't wear batting gloves," he said, displaying his calloused hands. "I like the feel of raw skin on raw wood. But you also don't want to hold the bat where pine tar is, so you put it up higher on the bat, get some on your hands when you need it, and then go back to the bottom of the bat. Where I hit that ball, it was on the meat part of the bat, about five inches from the end. There's no pine tar 29 inches from the handle. That ball wasn't even close enough to the pine tar to smell it."

"Because I don't break many bats," Brett explained, "other umpires have told me in the past when the pine tar is getting too high, and I scrape some of it off." Sunday's umpires "didn't say anything to me — why couldn't they take the bat away my first time at bat?"

However, said he has protested the decision. The umpires declined to show the bat, which they said was on its way to the office of American League President Lee MacPhail.

Brett said he especially liked the bat, not for the pine tar but for its wood. He called it a "seven-grain" — the fewer grains a bat has, the better it is. "He called it the best one he's ever had."

"I want my bat back," he said. Said a smug Martin: "It's a terrible rule, but if it had happened to me I would have accepted it. It turned out to be a lovely Sunday afternoon."

Reactions were predictably varied. "Congratulations to New York's manager," said New York Governor Mario M. Cuomo, an avid baseball fan and a former minor league outfielder. "Billy Martin's lung around with lawyers so much that he thinks like one."

Said Manhattan cab driver Joe Mamro: "A home run is a home run, and Brett hit one."

George Brett, under restraint from umpire Joe Brinkman.

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Sunday's Baseball Line Scores

AMERICAN LEAGUE	First Game	Final Score
Minnesota	201 200 200-13	9-3
Cleveland	201 200 200-13	9-3
Cincinnati	201 200 200-13	9-3
Los Angeles	201 200 200-13	9-3
San Diego	201 200 200-13	9-3
San Francisco	201 200 200-13	9-3
Seattle	201 200 200-13	9-3
St. Louis	201 200 200-13	9-3
Texas	201 200 200-13	9-3
Toronto	201 200 200-13	9-3
Washington	201 200 200-13	9-3
White Sox	201 200 200-13	9-3
Yankees	201 200 200-13	9-3

Second Game	Final Score
Minnesota	201 200 200-13
Cleveland	201 200 200-13
Cincinnati	201 200 200-13
Los Angeles	201 200 200-13
San Diego	201 200 200-13
San Francisco	201 200 200-13
Seattle	201 200 200-13
St. Louis	201 200 200-13
Texas	201 200 200-13
Toronto	201 200 200-13
Washington	201 200 200-13
White Sox	201 200 200-13
Yankees	201 200 200-13

Third Game	Final Score
Minnesota	201 200 200-13
Cleveland	201 200 200-13
Cincinnati	201 200 200-13
Los Angeles	201 200 200-13
San Diego	201 200 200-13
San Francisco	201 200 200-13
Seattle	201 200 200-13
St. Louis	201 200 200-13
Texas	201 200 200-13
Toronto	201 200 200-13
Washington	201 200 200-13
White Sox	201 200 200-13
Yankees	201 200 200-13

Fourth Game	Final Score
Minnesota	201 200 200-13
Cleveland	201 200 200-13
Cincinnati	201 200 200-13
Los Angeles	201 200 200-13
San Diego	201 200 200-13
San Francisco	201 200 200-13
Seattle	201 200 200-13
St. Louis	201 200 200-13
Texas	201 200 200-13
Toronto	201 200 200-13
Washington	201 200 200-13
White Sox	201 200 200-13
Yankees	201 200 200-13

Fifth Game	Final Score
Minnesota	201 200 200-13
Cleveland	201 200 200-13
Cincinnati	201 200 200-13
Los Angeles	201 200 200-13
San Diego	201 200 200-13
San Francisco	201 200 200-13
Seattle	201 200 200-13
St. Louis	201 200 200-13
Texas	201 200 200-13
Toronto	201 200 200-13
Washington	201 200 200-13
White Sox	201 200 200-13
Yankees	201 200 200-13

Major League Standings

NATIONAL LEAGUE	W	L	Pct.	GB
Atlanta	47	46	.505	0
Baltimore	47	46	.505	0
Boston	47	46	.505	0
Brewers	47	46	.505	0
Braves	47	46	.505	0
Cards	47	46	.505	0
Cubs	47	46	.505	0
Expos	47	46	.505	0
Indians	47	46	.505	0
Mariners	47	46	.505	0
Mets	47	46	.505	0
Pirates	47	46	.505	0
Rays	47	46	.505	0
Reds	47	46	.505	0
Rockies	47	46	.505	0
Royals	47	46	.505	0
Tigers	47	46	.505	0
Twins	47	46	.505	0
Yankees	47	46	.505	0

AMERICAN LEAGUE	W	L	Pct.	GB
Atlanta	47	46	.505	0
Baltimore	47	46	.505	0
Boston	47	46	.505	0
Brewers	47	46	.505	0
Braves	47	46	.505	0
Cards	47	46	.505	0
Cubs	47	46	.505	0
Expos	47	46	.505	0
Indians	47	46	.505	0
Mariners	47	46	.505	0
Mets	47	46	.505	0
Pirates	47	46	.505	0
Rays	47	46	.505	0
Reds	47	46	.505	0
Rockies	47	46	.505	0
Royals	47	46	.505	0
Tigers	47	46	.505	0
Twins	47	46	.505	0
Yankees	47	46	.505	0

Second Game	Final Score
Atlanta	201 200 200-13
Baltimore	201 200 200-13
Boston	201 200 200-13
Brewers	201 200 200-13
Braves	201 200 200-13
Cards	201 200 200-13
Cubs	201 200 200-13
Expos	201 200 200-13
Indians	201 200 200-13
Mariners	201 200 200-13
Mets	201 200 200-13
Pirates	201 200 200-13
Rays	201 200 200-13
Reds	201 200 200-13
Rockies	201 200 200-13
Royals	201 200 200-13
Tigers	201 200 200-13
Twins	201 200 200-13
Yankees	201 200 200-13

Third Game	Final Score
Atlanta	201 200 200-13
Baltimore	201 200 200-13
Boston	201 200 200-13
Brewers	201 200 200-13
Braves	201 200 200-13
Cards	201 200 200-13
Cubs	201 200 200-13
Expos	201 200 200-13
Indians	201 200 200-13
Mariners	201 200 200-13
Mets	201 200 200-13
Pirates	201 200 200-13
Rays	201 200 200-13
Reds	201 200 200-13
Rockies	201 200 200-13
Royals	201 200 200-13
Tigers	201 200 200-13
Twins	201 200 200-13
Yankees	201 200 200-13

Fourth Game	Final Score
Atlanta	201 200 200-13

